

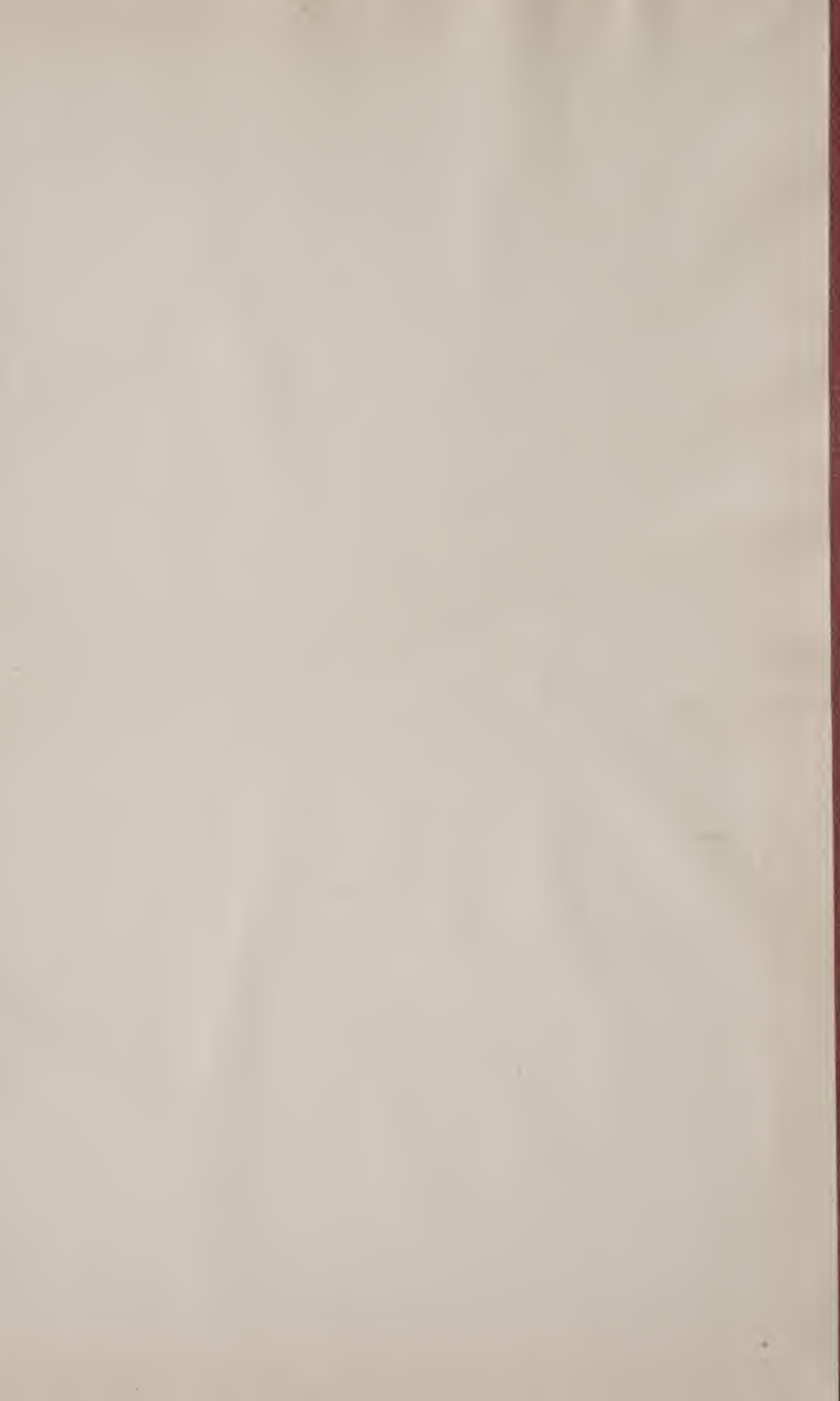


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No. 1

HEARINGS

BEFORE THE

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U.S. 115

COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

MAY 10 AND 17, 1911

WASHINGTON

1911

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EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY WALKER HAMLIN, *Chairman*, Missouri.

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

D. OF C.
OCT 10 1912

EXPENDITURES IN THE STATE DEPARTMENT.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EXPENDITURES
IN THE DEPARTMENT OF STATE,
Washington, D. C., Wednesday, May 10, 1911.

The committee this day met and was called to order at 10.30 a. m., Hon. Courtney W. Hamlin (chairman) presiding.

Present, Messrs. Hamlin (chairman), Dent, Roddenbery, Stephens, and Davis.

The chairman made the following preliminary statement:

The CHAIRMAN. I think it would be well to let the record show the authority under which these hearings are being held, and the stenographer will now take the following: These hearings are being held under the general rules outlining the duties of these expenditures committees by the House and also under special resolution. The general duties of the committee, as outlined, are as follows:

The examination of the accounts and expenditures of the several departments of the Government and the manner of keeping the same; the economy, justness, and correctness of such expenditures; their conformity with appropriation laws; the proper application of public moneys; the security of the Government against unjust and extravagant demands; retrenchment; the enforcement of the payment of moneys due to the United States; the economy and accountability of public officers; the abolishment of useless offices; the reduction or increase of the pay of officers, shall all be subjects within the jurisdiction of the nine standing committees on the public expenditures in the several departments, as follows: In the Department of State, to the Committee on Expenditures in the State Department—

And so forth. Then this present Congress passed this special resolution:

Resolved, That the Committees on Expenditures in the State Department, in the Treasury Department, in the War Department, in the Navy Department, in the Post Office Department, in the Interior Department, in the Department of Justice, in the Department of Agriculture, in the Department of Commerce and Labor, and on Public Buildings be, and they are hereby, instructed to proceed to examine into all the affairs of said departments as fully as is permitted to them and made their duty to do by the Rules of the House relating to said committees respectively. And the investigations of said committees may cover such period in the past as each of said committees may deem necessary. And said committees, or any subcommittees thereof, shall have power to subpoena and compel the attendance of witnesses and to examine them under oath, and send for records, books, and papers and all other evidence that may be necessary to make the investigation full and complete, and that the Speaker shall have authority to sign and the Clerk to attest subpoenas during the recess of Congress. Said committees or any subcommittees thereof shall have authority to sit during any recess of this Congress.

TESTIMONY OF HUNTINGTON WILSON, ASSISTANT SECRETARY
OF STATE.

After being first duly sworn, Hon. Huntington Wilson, Assistant Secretary of State, testified as follows:

The CHAIRMAN. Now, Mr. Wilson, you may state your name and your position, please.

Mr. WILSON. Huntington Wilson, the Assistant Secretary of State.

The CHAIRMAN. How long have you occupied that position?

Mr. WILSON. Since March 5, 1909.

The CHAIRMAN. You had been in the service some time previous to that, had you not?

Mr. WILSON. I have been in the foreign service continuously since May 4, 1897.

The CHAIRMAN. I take it for granted that you will be very glad to explain the reorganization of your department that took place within the last year or two, and I am sure that the committee will be very glad to have you do that, in a brief way.

Mr. WILSON. Yes indeed; it will be a pleasure, a great pleasure, Mr. Chairman. As I promised on the first day you indicated your preparedness to take up the investigation, we wish to give you every possible facility and to have just as thorough an investigation as your time will permit. We are sorry that your direct investigation in the building has been so slight so far, and hope that you will be able to continue it, because we are especially anxious to have the opportunity to demonstrate and explain the organization and working of the department. In compliance with your wishes we are preparing a complete description, or, rather, one which we seek to make complete, but it is not quite ready yet. However, I have in my hand here the draft of this description of the organization unit by unit—personnel, cost, nature of the work, indication of the modes of procedure, and actual methods of conducting the correspondence and other business, and examples of the character of the work disposed of, intended to show the absolute necessity for the present organization. I think that with these notes before me I could give a bird's-eye view offhand, but in a day or two now these descriptions, which now only require to be linked up into a consistent whole, and to have a few statistics, etc., added, will be sent down in sufficient number for each member of the committee, and I think in that will be found a complete exposition. We shall cover some figures about the increase of work and how far the increase of cost and personnel has kept pace with it, the general financial control, and the allotment of responsibilities within the department for the expenditures in the different branches of the service, the consular, diplomatic, and departmental—first, as to the wisdom of an expenditure, second, the legality of the expenditure from a given appropriation, third, as to the fact that funds are available, fourth, the question whether the expenditure accomplished the benefit for which it was authorized, and finally the question of mathematics, etc., involved in the final accounting. May I ask one question: Is this the kind of an explanation that you want me to make to-day?

The CHAIRMAN. Well, the members of the committee may want to ask you certain questions as you go along if they do not quite understand you. My thought was to have you go on in your own way and explain this organization as briefly as you can, but at the same time making it intelligible.

Mr. WILSON. All right. Will you stop me if you desire to ask any questions?

Mr. RODDENBERY. Do the notes which you have before you, which are to be completed within a day or two, go into detail as to the reorganization and give an account such as you are about to give now?

Mr. WILSON. Yes, sir; These notes will give a very brief outline of the early history of the department, its old organization, and then what made a reorganization necessary and how it was done; then a description of the present organization, unit by unit.

Mr. RODDENBERY. In your opinion are you about to say anything that the committee can not understand and learn from the reading of the report you are going to send to the committee?

Mr. WILSON. If the report can be as satisfactory as we wish to make it—no; but I think, perhaps, if you will allow me, I can make a very few general remarks that may make a little plainer the spirit and purpose of it, if you think that would be acceptable.

Mr. RODDENBERY. In other words, Mr. Wilson, in a brief statement you will undertake to make clear matters that we will not comprehend, because we do not know just what will be in the report? If you are going to make a report we can sit down and read it over, and, that being so, you can not only abbreviate your testimony, but after reading the report we will more readily comprehend it and will not be likely to misunderstand any of it. However, I merely wanted to make that inquiry.

Mr. WILSON. Yes. I think that if the members of the committee will be good enough to read this report, or rather this exposition and explanation of the department, which we can get in final form within 48 hours, they will find it easier to find any particular points to which they wish to direct their inquiries, and if that view is agreed with I would like to make a few general observations.

The CHAIRMAN. I took it for granted that his report, which he will submit in writing, would not be as full, perhaps, as he would like to make it to the committee, and that is the reason why I suggested that he go on now.

Mr. WILSON. It would be fuller than would be possible orally. You see the notes in my hands are that much [indicating], and these notes give the cost of each unit, the correspondence coming and going, and all kinds of details. There will also be tabulated statements and some comparisons of different years, including receipts and expenditures, and all that kind of thing.

The CHAIRMAN. I understand, Mr. Secretary, that in this new organization you have created several new bureaus or divisions?

Mr. WILSON. Yes, sir.

The CHAIRMAN. Will your written report on these matters show how this work is being done by these different divisions and how it was done before the reorganization?

Mr. WILSON. It will show that, but perhaps not as vividly as I could explain it in a few moments.

The CHAIRMAN. Therefore I think it would not be a bad idea to make a statement at this time, because I want some little information myself in relation to that feature.

Mr. WILSON. I would like to explain that, if I may. Of course, I was in the foreign service, at the other end, nine years, so I was familiar with the kind of instructions that came out from the department, which, frankly speaking, continually revealed the fact that it was not possible for the department to give thorough specialized attention to the great number of important matters that went before it. The department was so organized that there were some three, four, or five men only who were expected, accustomed, or fully qualified to assume

responsibility and to do original work. These three, four, or five men not only had to attend to all the routine business, but when a complicated question of policy, an important decision about, perhaps, some extension of American commerce or some treaty revision, something exceedingly complicated in China, the question of the transfer of Korea to Japanese protection, the question of our relations to the Liberian Republic, or a couple of Central American revolutions, or one of these loans in China—like the Hukung loan—masses of things, each one very complicated and exceedingly important, really requiring not only a high order of ability but special knowledge, would come piling in upon those four or five people, and it was something humanly impossible at that time to run the foreign establishment of this Government in a manner to take advantage of opportunities the world over and to advance our country's interests as they arose.

Therefore the answer to the question as to the way these things were done is that it was physically impossible to avoid neglecting a very large percentage. So far as they were attended to they had to be attended to, as to the working out and responsibility, by the Secretary, the Assistant Secretary, the Second and Third Assistant Secretaries, and one or two others, each one of whom had already a very heavy burden of administrative work in keeping the foreign service going, because it should be remembered that, although our department is so small a one in Washington, it has to give every order to the Consular Service, 300 consulates and 275 agencies together with 40 or 50 odd different missions, all of which obviously involve a great amount of administrative work. So that, together with the fact that the foreign trade of the United States doubled between 1896 and 1906—and statistics show that the foreign travel of Americans, that the immigration, that everything which gives work to the foreign establishment, has been increasing with amazing rapidity within the last 12 or 14 years. Perhaps the Spanish War was a sort of point of departure; of course, from a general diplomatic point of view that epoch, perhaps, crystallized the position in which the United States found itself as a world power which could not escape international responsibilities extending everywhere. So that, along with commerce and all the material part of it, the political part, and the necessity for keeping the President of the United States thoroughly informed and advised on political affairs the world over, has also ushered in quite a new epoch. ✓

That was not so brief as it might have been.

The CHAIRMAN. That is the reason for this reorganization as you see it. Now, what change was made in the department in the reorganization of the new bureaus that were established?

Mr. WILSON. When I was Third Assistant Secretary of State, the then Secretary of State was persuaded that far eastern affairs were of such a complicated nature that it was necessary to have them specialized.

The CHAIRMAN. Right there, let us have, for our information, please, what you include in the far eastern affairs—what countries?

Mr. WILSON. Our relations with China, Japan, Korea, Siam, some affairs of western Siberia, with India, the Straits Settlements, Borneo, the East Indies, and so on. Later, since we have divided our relations with the world into four groups, four politico-geographical divisions, we found it wise to put into each group some countries whose inclusion

there was based on their political relations even if they were not physically neighbors.

Mr. RODDENBERY. This volume marked "Congressional Directory," containing the official duties of the Department of State, and so forth, was that prepared in your office?

Mr. WILSON. Yes; that is the departmental register, I think.

Mr. RODDENBERY. It is the Congressional Directory just issued.

Mr. WILSON. Our list was revised just before the directory was issued.

Mr. RODDENBERY. I was going to try to abbreviate your testimony, because if the duties of the department are shown there that matter might be dispatched.

Mr. WILSON. Those facts are set forth there and in the departmental register; I mean in skeleton form. For example, one can explain, in a few words, the whole theory of what we call the politico-geographical division.

The CHAIRMAN. Now, you have the Far Eastern Affairs as one of the new bureaus?

Mr. WILSON. Yes, sir.

The CHAIRMAN. And the Latin-American Bureau as another?

Mr. WILSON. Yes, sir.

The CHAIRMAN. And the Near East?

Mr. WILSON. Yes, sir.

The CHAIRMAN. And Western European?

Mr. WILSON. Yes, sir; those divisions are all new; then there are several others.

The CHAIRMAN. And they are all explained, or will be, in these exhibits that you are going to file?

Mr. WILSON. Yes.

The CHAIRMAN. When were these new bureaus first created? But before answering that, I will ask you whether there were any other new bureaus created.

Mr. WILSON. Yes, sir; the Division of Information, the Director of the Consular Service, the resident diplomatic officer, and the counselor; those were all new, and those are all, with the exception of the addition of two experts to the Trade Relations Bureau and of two or three high-grade drafting men to the divisions and a few clerks and the addition to the Solicitor's Office of an assistant solicitor and another law clerk. This covers it in the way of units.

The CHAIRMAN. Now, when was this organization effected?

Mr. WILSON. I started a few minutes ago to explain that when the thing was first tried out on far eastern affairs, under the last administration, in a modest way, Mr. Phillips, the second secretary of legation at Peking, and Mr. Heintzleman, a student interpreter, were ordered back to assist me as Third Assistant Secretary of State to attend to what corresponds to the present duties of the Far Eastern Division. Then when Mr. Knox became Secretary of State he at once took up the whole subject of good administration and business methods and discovered that we had no machinery adequate to bear the responsibility of carrying forward American diplomacy properly. Mr. Knox wished not to specialize in the Far East alone, which was associated with Mr. Hay's policy, you remember, or Latin America alone, which was associated with Mr. Root's policy, but to have a modern machine like the foreign offices of the countries with which we have to compete

in commerce and otherwise to enable him to let pass no opportunity any where in the world to advance the interests of our country—a system of universal specialization. So that he then requested Congress to make an appropriation for the extension of our trade and treaty relations, under tariff and otherwise, the negotiation of conventions, etc. Accordingly, \$100,000 was appropriated as a lump sum, giving the Secretary of State broad authority as to the subject of reorganization.

The CHAIRMAN. Do you remember the date of that appropriation?

Mr. WILSON. That was August 5, 1909.

The CHAIRMAN. Is it part of the Payne-Aldrich tariff law?

Mr. WILSON. It was not put in as an amendment to that, but it was put in as an amendment to the general deficiency bill, at the extra session.

The Secretary of State began to study this matter of organization, to my personal knowledge, practically the moment he knew he was to be Secretary of State, so that not only from March 4 to August, when we got this money, but for many weeks prior to March 4, the Secretary had been making an exhaustive study of what would be a good system, so that when we got the \$100,000 we were ready at once to use it to try out an organization, the main lines of which had been evolved. The Secretary proceeded to at once engage a talented lawyer as counselor and to transfer from the Diplomatic Service a very experienced minister, then getting \$12,000. Those salaries were fixed at \$7,500, for the simple reason that when you ask a man to relinquish a salary of \$17,500, if he is an ambassador, and \$10,000 at the least if he is a minister to come to an expensive place like Washington and work much harder, it is only fair to give him as much as \$7,500. The same is true in trying to get a lawyer as counselor of the standing and experience desired.

The CHAIRMAN. Let me ask you this: Previous to this organization who had been doing the work of this counselor; how had that work been taken care of?

Mr. WILSON. In part by the Solicitor's Office and in part by anybody else who could possibly squeeze in the time to make some pretense of doing it, after a fashion.

The CHAIRMAN. But it was done by the office force previous to that time?

Mr. WILSON. I dare say that most of the work performed by the present counselor is work that had not come up under previous administrations; work new in the sense that more than 50 per cent of the work of the department is new, because the department is undertaking now to do things that it frankly gave up before, and because the business men of the country know it——

The CHAIRMAN (interrupting). What is the nature of that new work to which you refer?

Mr. WILSON. Now, as to the counselor, as to whom you inquire; for instance, the Payne-Aldrich tariff bill's maximum and minimum provision made it incumbent upon the Secretary of State to find out what countries gave the United States sufficiently advantageous treatment to be nondiscriminatory, whereupon the President was to grant the minimum tariff to those countries; so we had to discuss it with every country, and in many cases the discussion was exceedingly long, involving almost daily oral discussions and voluminous

correspondence, to get important countries to guarantee to us sufficient improvement upon the treatment they had been giving to justify us in the matter.

The CHAIRMAN. Did the Counselor's Office, or that bureau, take care of that work?

Mr. WILSON. The Trade Relations Bureau, assisted by the counselor, as was also the case in the Canadian reciprocity negotiations, advised and assisted the Secretary of State in these negotiations. The counselor had to go to Ottawa, along with a member of the Bureau of Trade Relations once and had to work at it continuously here. Then there are matters such as this attempt to find a basis for an arbitration treaty between Great Britain and the United States and some of the important phases of the American-Japanese treaty. In short there are so many phases of important work that it is quite necessary to have two or three men in the department who are not absorbed in administrative work and dealing with the diplomats and receiving callers, and giving directions of every sort, men to whom can be turned over different phases of work which require the continuous attention of one man to get them through. And I ought to say this, which I know will appeal to the committee, that one reason why the appointment of the resident diplomatic officer and the counselor should not seem to be an expensive departure by this administration, is the fact that for many years in connection, for example, with all those British negotiations, they were not attempting to accomplish those big jobs with only the department's now personnel, but by means largely of outside employment, the same being true as to a great deal of the Latin-American work.

The CHAIRMAN. What do you refer to as big jobs?

Mr. WILSON. Well, take the Canadian fisheries and all that led up to the arbitration, the Passamaquoddy boundary with Canada, the inland fisheries, and then the Newfoundland fisheries, and then there was an Alaskan boundary, too, and then the fur-seal negotiations, the protection to fur seals, the Chamizal arbitration, and all those Venezuelan cases.

The CHAIRMAN. What were those—what was the character of those cases?

Mr. WILSON. Well, the case of the Oronoco Steamship Co.—

The CHAIRMAN. Claims, you mean, of Americans, claims against Venezuela, is that the idea?

Mr. RODDENBERRY. That was prior to your reorganization, was it?

Mr. WILSON. Yes; some were finished, and most have been finished under the present administration. But what I was trying to get at was that Mr. Chandler P. Anderson, who is now employed at \$7,500, as counselor, was employed for years out of different appropriations and received very much more compensation in order to handle Canadian and British negotiations under the former administration than he does now.

The CHAIRMAN. What was his position in the department at that time?

Mr. WILSON. He was not a member of the department personnel; it was a more expensive service.

The CHAIRMAN. A special service?

Mr. WILSON. Yes. And the late Mr. Buchanan was often employed on matters such as these Venezuelan cases. The employment of out-

side people in the past shows clearly that even then the much less work of that time could not be gotten through with the former small department personnel.

Having a sufficient staff in the department has two advantages, first, we get the work a great deal cheaper than if we were paying outsiders, and, second, the men who do this work keep at the service of the Government the invaluable experience and, of course, efficiency gained in handling such things. That, to my mind, is one of the most important reasons for avoiding outside employment and having a personnel that can do the normal work.

The CHAIRMAN. How many outside employments are there now?

Mr. WILSON. There is not a single person employed that I know of, except under special appropriations by Congress for really extra-departmental work, like, for example, the Canadian Joint Commission.

The CHAIRMAN. You have not employed anyone since this reorganization went into effect?

Mr. WILSON. Let me see. Congress appropriated for certain work, and there are two men doing work connected with the things I am speaking of who are still not paid out of the regular budget of the department. They are Mr. Dennis, who is to be the agent of the United States in the Chamizal arbitration at El Paso this month, and he is paid out of a special appropriation by Congress to carry out that arbitration. What he is to do is to plead the American case before the commission composed of Gen. Mills and Mr. Puga, the Mexican commissioner. They are the permanent Mexican Boundary Commission and a Canadian has been selected to be another member. A former Mexican ambassador represents Mexico. And then there is Mr. Lansing, paid from the appropriation for the fisheries arbitration at The Hague. He is still employed finishing up some of the work. You know there was a way arranged in the verdict or decision of The Hague by which if the fishermen of Canada or America claimed that the fisheries regulations bore on them too onerously, and the question could not be adjusted, then there was a way indicated for its determination. There is still some little difference of opinion between the two Governments, and I fancy that is the work he is still doing.

The CHAIRMAN. Now, get back to the organization. You say there was \$100,000 appropriated, available August 5, 1909. How was that money expended, and was all of it expended in the reorganization of the department?

Mr. WILSON. No; this statement covers it.

The CHAIRMAN. Is it all covered in that statement?

Mr. WILSON. Yes. In the first fiscal year we only expended \$64,000, but that year, of course, was about seven weeks less than a fiscal year, and in the current fiscal year we spent, up to April 30, seventy-four thousand and odd dollars.

Now, to take up again the story of the reorganization. I have mentioned the resident diplomatic officer and the counselor. Then we got some secretaries of embassies or legations and some consular officers and a man with experience fitting him for the Division of Information, and then one man who had not been actually in the service, but had been to the Pan American conferences and who was known to the department to be a very practical specialist on Latin-

America. We got those men into the department, fixing their salaries, and at the same time the salaries of the two commercial experts, on what seemed to be the smallest basis upon which it was right to bring men from the Diplomatic or Consular Service into the department and at which it was possible to get men with expert qualifications. The two commercial experts, for instance, had been those commissioners which the Department of Commerce and Labor used to send roving to investigate trade conditions in different countries. So we went right ahead and built up the organization and got it running at once, modifying it a little here and there, but to all intents and purposes exactly as planned.

Then by the time of the next session we had enough experience to feel confident that the reorganization was a wise thing, was right, would work, and was the best we could devise. Thereupon the Secretary of State asked Congress, instead of giving him this lump sum, to appropriate specifically for these offices that I have mentioned, providing for the divisions by saying four men at \$4,500 for the more difficult, expert drafting work, and four at \$3,000, and going right down as things are put in other appropriation bills for fixed offices. Of course we are so crowded that we had to rent rooms to put two bureaus in, and we rented rooms in the Union Trust Building. So we asked specifically for enough rent to cover that, and we have two bureaus across the street that have been there some years; but our rents are only about \$4,500. So that leaves, roughly, a quarter of the original appropriation, \$25,000, which is left available to the Secretary of State in the same way the lump sum originally was. The chief object of that is, as you know, that the emergency fund is not available for personal services in the District of Columbia, so that if some very technical or special work which you could not possibly foresee turned up to be done in Washington it would be a lawful charge upon this surplus now unallotted.

Of course, under the law we make, at the opening of each regular session, an itemized statement of the disposition of this fund. That will come to you in the description which is to be made of the work in the department. That, I think, in general, is the whole story, reserving the right to fill up gaps that I may have forgotten. But the general idea has certainly worked, in my opinion, very finely, and you can see at once that that is so in regard to the political-geographical division. The homely way I have of illustrating its utility is by saying that the Secretary has, in the Latin-American Division, men who know Spanish, men who have served in Chile, Brazil, Argentine, Central America, Mexico, fairly recently, and who know the men of affairs down there, who know all about those countries, the prejudices, the opportunities, and everything; so that when anything commercial arises, or a political question comes up, the reports from the other end can be studied by and with the advice of men who know the conditions down there, as no man can know conditions unless he has been on the spot. And so in the near East, and all the way around the circle, we are in that shape now so that we can treat each part of the world as if it was the only one in which we were interested.

The illustration is this: Just suppose a man wanted to move out to Nebraska, or somewhere, and go to ranching; of course, the thing he would like best in the world would be to talk over conditions in

Nebraska with a man who had been a rancher there. I think that illustrates the principle well enough. And then it has another merit. The idea is to standardize the ability and unify the ideas and tone of the whole foreign service and not allow secretaries to stay in foreign countries and become un-American and forget about conditions at home. And that works in with the other; we move a man from the foreign service to do the work here and send men out from here to do that work.

The CHAIRMAN. Take this Bureau of Trade Relations; what is that bureau actually doing, what is its work?

Mr. WILSON. There is a very long description of it here. Of course, we have to watch tariff treatment of the United States everywhere; we have to be constantly pressing to get more favorable treatment, for instance, for cottonseed oil. I do not mention that because it would naturally appeal to the southern members of this committee, but it happens to be a fact that we have had more work on that, perhaps, than on any other one product, to try to get better tariff treatment. Then we have questions like the potash question in Germany. You well know that is a very economic question and that it is largely a question for trade experts.

We have the work of watching the changing conditions in the treatment of American commerce the world over and in being vigilant and ready, as soon as we notice anything disadvantageous, to frame our protest and devise a way to endeavor to remove the obstacle and to seize opportunities to improve things. I know we are doing that in two or three countries to-day, trying to get better tariff treatment—in Central America, Salvador, for example, there is that phase of it—and then there is the everyday work of the commercial portion of the diplomatic and consular reports, their analysis, editing, and transmission through the Bureau of Manufactures of the Department of Commerce and Labor.

The CHAIRMAN. That is largely the work of clerks, is it not? In other words, you would not need a trade expert to edit those reports, would you?

Mr. WILSON. Well, to show how far it is from being entirely clerical, it not infrequently happens that a trade report will come to my office on some close point as to whether a certain paragraph or many paragraphs will be, from any point of view, detrimental to print. You see, in the consular reports we have to consider the sensibilities of everybody, and therefore a certain amount of discretion must be brought to bear on that; but that point I do not mention as one of the most important. Some people seem to have a confused idea of the line of demarcation in that field between the two departments—the Department of Commerce and Labor and the Department of State.

As you know, the publication used to be in our Trade Relations Department, but Congress transferred it over there. Now we have arrived at a perfectly logical line of demarcation, I think. They keep in close touch with the great manufacturers, exporters, and all that, and try to ascertain their needs and find out what they want to know and do the missionary work in the home field, and we do it in the foreign field. We get the information, the need of which is learned through them. Of course, it sometimes happens that our department is working diplomatically and hard for some American business in which the number of firms interested is small, and in some cases, for

convenience, they have asked us to carry on the correspondence, when the only people that could be found in the country who cared about the matter were, perhaps, a dozen. I dare say I have covered that but, of course, if you want a full description I had better read this.

The CHAIRMAN. Well, you will file that with the committee, as I understand?

Mr. WILSON. Yes, sir.

The CHAIRMAN. Then we will get that.

Mr. WILSON. I have probably omitted a great deal about the trade relations, but that will appear in the report.

The CHAIRMAN. Is there not a similar commission or board in the Department of Commerce and Labor doing largely the same work as this Bureau of Trade Relations in the State Department?

Mr. WILSON. The Bureau of Manufactures, which I was referring to a moment ago, as I understand its duties, has to study the manufacturing and industrial conditions in the United States. It is a domestic affair, and when factories want to go into foreign commerce, and so forth, that bureau gets in touch with them, and then when they have found out through their relations to domestic business what it is wanted to do in the foreign field they tell us about it and we find it out for them.

The CHAIRMAN. What is to hinder them from extending their work into the foreign field as well as at home?

Mr. WILSON. Well, it would simply be duplication.

The CHAIRMAN. We, perhaps, could dispense with one or the other; could not one board do all of the work?

Mr. WILSON. It is quite certain, Mr. Hamlin, that nothing but the Foreign Office can run the foreign service. I suppose our Bureau of Trade Relations could do what it used to do—that is, to publish the consular reports that are now published by the Bureau of Manufactures, but which we still have to edit, and attempt to have relations with American boards of trade and factories on the same scale that the Department of Commerce and Labor does now, but if any change were made there is no doubt in my mind that it would be far more practicable for our Bureau of Trade Relations to absorb the other part of the work now done over there than the reverse which I believe would be utterly impossible. We got through very well when we did publish the consular reports.

Mr. RODDENBERY. Your report will give a separate description of the Bureau of Trade Relations, will it not?

Mr. WILSON. Yes, sir.

Mr. RODDENBERY. In your testimony you remarked that the cottonseed oil subject, for instance, was dealt with through that bureau, and that the potash controversy with Germany was dealt with through that bureau. You mean that when those subjects arise they are referred to the Bureau of Trade Relations and in that bureau considered?

Mr. WILSON. I mean that, but not only that. Take a subject like an effort to get lower rates on cottonseed oil from Austria-Hungary, for instance; that involves the Bureau of Trade Relations to the extent that they will be the people who will show what the competing oils going to Austria-Hungary are, what countries they come from, what the cost of production is, what tariff Austria-

Hungary puts on oils that compete with cottonseed oil, and any analogy useful in negotiation that can be found between the rates we are giving any exclusively Austrian product. They get a great deal of that scientific material, and then the next people who will handle a negotiation of that sort—and the same is true correspondingly of the potash question—will be the division having charge of our relations with Austria-Hungary.

Mr. RODDENBERY. Well, that comes in the Near East Affairs?

Mr. WILSON. Yes; that happens to be in the Near East Affairs. But that would be the case correspondingly with other countries, and a question's treatment, and so forth, would naturally depend on other pending questions. And then the different divisions, offices, or bureaus will add their part, and the final draft will be the result of a good many efforts.

Mr. RODDENBERY. It may pass from the Bureau of Trade Relations, the initial point, to the Near East Bureau, and so on, and then from there to the Diplomatic Bureau?

Mr. WILSON. Yes. And then the question might well involve the interpretation of the most-favored nation clause, for instance; or, in the argument, there might be the question of drawbacks, or anything of that sort of a purely legal nature—and a thing like that will go through the solicitor's office—and anything so important as that would probably be written ultimately in the politico-geographical division concerned and would not go to the Diplomatic Bureau.

Mr. RODDENBERY. What I wanted to ask on that was this, that the system is not so much indicative of a separate and distinct handling of all matters in those divisions or bureaus as it is a system whereby the different subjects may be originated and go properly, and then be handled with system, although they may go into the different branches of the department?

Mr. WILSON. Yes; precisely. Of course, the matter will come to the Secretary of State, through my office, and then may go, for instance, to the Near Eastern Affairs. One of the most stringent rules we have is that we do not want anything to go out of the department or be acted upon until every office in the department, whose scope makes it entitled to have a better opinion than somebody else upon any phase of the question, has had its say, and then the record copy shows, so we know afterwards, everyone who has participated and every office which has O. K'd this final product, which is supposed to represent the best the department can do on all the different phases involved, and it is not uncommon that one action will represent the views of three or four of these different units.

Mr. DAVIS. The result of a caucus?

Mr. WILSON. Very frequently we do call the heads of the different offices together and talk it all out.

The CHAIRMAN. Will your written report show the extra cost to the Government of this reorganization plan?

Mr. WILSON. Oh, yes.

The CHAIRMAN. It will show the extra cost?

Mr. WILSON. Yes.

The CHAIRMAN. And the extra number of people employed?

Mr. WILSON. Yes.

The CHAIRMAN. My attention has been directed to this fact, that Mr. John Ball Osborne, Chief of the Bureau of Trade Relations, draws a salary of \$2,100?

Mr. WILSON. I think he now draws \$2,500; we tried to get his salary raised.

The CHAIRMAN. And I see that Mr. Charles M. Pepper, assistant chief of the bureau, draws \$4,500, and Mr. Mack H. Davis, assistant chief of the bureau, draws \$4,500. Why do these two assistants draw double the pay of the chief?

Mr. WILSON. Well, Mr. Osborne is being punished for having risen through the civil service, and Congress has turned a deaf ear to our pleadings that he should have as much as the assistants. That is the reason his salary is too low. The reason those assistants are paid something like a decent figure is that that represents about what they were getting from the Department of Commerce and Labor as traveling commissioners, and they were both very highly trained men whose value, if they went into business, would be several times as much; and we could not begin to get them for less than that.

The CHAIRMAN. They did not enter the service, then, through the civil service?

Mr. WILSON. No, sir. I know that Mr. Davis, and I believe Mr. Pepper, had been in business and were selected by the Department of Commerce and Labor as experts on commerce, and so in this process of delimiting the sphere of the two departments, ours the foreign and theirs the domestic, we needed a couple of experts and obtained them from the other department.

Mr. RODDENBERY. You spoke just now of some attorney that had been employed since the reorganization at a special salary; I did not quite catch his name.

Mr. WILSON. Chandler P. Anderson; he is now counselor and he succeeded Mr. Henry M. Hoyt, the former Solicitor General, who died, you know. And Mr. Anderson, before he came into the department as counselor, had been employed pretty continuously from time to time during the last 10 years.

Mr. RODDENBERY. He is now a regular attaché of the department?

Mr. WILSON. Yes, sir.

Mr. RODDENBERY. What I had reference to was special employment outside of the regular employment?

Mr. WILSON. The men I mentioned that I could think of were Mr. Dennis, the agent of the United States in the Chamizal arbitration, and Mr. Lansing, who is engaged on some work that is the aftermath of the Hague fisheries arbitration, both of those men being paid out of specific appropriations by Congress for those two pieces of work, and not at all as outside additions to the departmental staff.

The CHAIRMAN. You mean an appropriation was specifically made by Congress to pay these men you have mentioned?

Mr. WILSON. No; to pay for the fisheries arbitration and for the Chamizal matter.

The CHAIRMAN. Paid out of that fund?

Mr. WILSON. Yes, sir.

The CHAIRMAN. Now, the State Department frequently appoints outsiders to do special work, does it not, and has it not done that in the past, to represent the Government in certain special lines of work?

Mr. WILSON. That used to be done a good deal, but it is being done practically not at all now, and that was the point I had in mind awhile ago. Of course, a number of certificates of appointment are issued, but the vast majority of them are honorary and give no salary at all.

The CHAIRMAN. Who makes these appointments?

Mr. WILSON. Well, they are for international conferences, such as that on alcoholism, as an illustration.

The CHAIRMAN. I did not have reference to those commissions. Did not the Government appoint one or two particular parties to represent the Government down at Venezuela, appoint them to settle up all of those matters down there, also in Santo Domingo and perhaps Honduras?

Mr. WILSON. Long ago. I know Mr. Doyle, under the previous administration, was employed. Those Venezuelan cases were so acute, you may remember, that the President sent the whole correspondence to Congress; there was a very bad situation between this Government and Venezuela, and the late Mr. Buchanan and Mr. Doyle, and possibly others, were down there on special employment at times.

The CHAIRMAN. What I was trying to get at is, who makes these special appointments?

Mr. WILSON. Well, I have no doubt that the Secretary of State, when we were on the brink of great difficulties with Venezuela, sent down Mr. Buchanan, and whoever else was sent, as an emergency measure in the service under the emergency fund.

The CHAIRMAN. How was that paid—out of the emergency fund?

Mr. WILSON. It must have been paid out of that fund. That would be a typical expenditure properly paid from the emergency fund, as to the disposition of which there are two laws, one telling what the duties of the Secretary of State are and the other telling what the emergency fund is for.

The CHAIRMAN. Do you recall the appointment of one Jacob Hollander, who was sent down to Santo Domingo to represent this Government?

Mr. WILSON. Yes.

The CHAIRMAN. He was appointed by the Secretary of State, was he not?

Mr. WILSON. Mr. Hollander was employed by the Government of the United States to help out in figuring that Santo Domingo debt business, and if you are interested in the story it is very agreeable to me to tell all there is about that. Mr. Hollander was employed in connection with the long and difficult adjustment of that business, the final work being largely done by the department and by our representative down there, Mr. Dawson, I think.

The CHAIRMAN. Now let us know, in order that the record may show intelligently, what business you refer to, what was our business—claims that our people had against that Government?

Mr. WILSON. Yes. Now, to give what is the general gist of it I think you gentlemen all know that Santo Domingo had been the prey to rebellion right along and that we had to go down and land marines and butt in there frequently. Moreover, it had allowed its finances to get into such disorder that foreign creditors, British, German, Italian, French, and various nationalities, were complaining that their debts were repudiated and that it really could not be allowed to go any further. Well, rather than have Santo Domingo just taken hold of in, perhaps, a rough manner and treated drastically, as she perhaps deserved, which would have involved, naturally, hypothecating the customs to pay off these debts; and to clear up the

Santo Domingo situation, so that external pressure and domestic turbulence might cease, and commerce might go on and the United States might not have to keep on landing forces there, nor anybody else have to do so, we undertook to bring about a settlement of the financial affairs. We sought to help get the fiscal and financial affairs in order as a means of peace, according to the same underlying principle of the Honduras convention that is now before the Senate. But you gentlemen do not care about the *modus vivendi*; it is enough to say that arrangements were made whereby men selected by the United States collected the customs, and I hope you have noticed that there has been no trouble in Santo Domingo since we started to do that and that we have not had to go in there.

Mr. Hollander attended to the examination of the whole thing and to the scaling down of the debts of the Italians and the debts of the different people in order to get a basis upon which they would agree to be paid. These debts were to be paid by the hypothecation of the customs and a portion for wise public improvements. The whole arrangement has been a great success. Mr. Hollander was employed by this Government and did, I believe, some quite important work in the earlier stages. Then, when the thing was closed up, because of our obligation under the arrangement, drafts on the funds of the Dominican Republic, for which the depository is in New York, had to come through our department for the reason that this Government, as you know, is morally obligated to see that they do not spend the money in a manner to jeopardize the creditors, who are the people for whom the arrangement was made. Well, once upon a time one of those orders came through which was to pay Dr. Hollander. This was after he was not in the employ of this Government, and that showed that the Dominican Government desired to pay Dr. Hollander a large compensation for certain services done them.

The CHAIRMAN. Let us be specific. Do you know how much our Government paid him for his services down there?

Mr. WILSON. I can not tell you offhand now.

The CHAIRMAN. Can you furnish us with that statement?

Mr. WILSON. I think probably so. This is old history——

The CHAIRMAN. What was the amount of the draft coming through your department from the Dominican Government to be turned over to Dr. Hollander?

Mr. WILSON. I do not know whether I can give that offhand, and I am not absolutely sure how far it is germane, because, you will see from what I am about to say, that the thing had become a matter between the Dominican Government and Dr. Hollander. The part that might be of interest is that for many months the draft was held up because of the fact that this Government had employed and paid Dr. Hollander for certain work there and, he being a citizen of this country, this Government naturally wanted to be sure that it was thoroughly understood that it was not asking other people to compensate its employee.

The CHAIRMAN. Did it develop in that investigation, when holding up that draft, what services he had rendered to that government for which they were paying him this large fee?

Mr. WILSON. We had gotten full return for what we paid Dr. Hollander; the whole thing after that, and after he was out of our employment, was not our business, except in one sense, that we did

have a moral obligation to protect Santo Domingo, and I want to state very precisely that we were not under obligations to put a general veto on all expenditures by the Dominican Republic; we only had a responsibility not to pass requisitions on these funds if they were of such a character and extent that their payment would impair the ability of Santo Domingo to meet the obligations for which the arrangement was made; that was our sole concern; we were not the general steward for the Dominican Republic, but we had a certain trust relationship to these creditors and for that, and for that only, we had to scrutinize these things.

Well, we held this thing up for a long while, discussed it exhaustively with the Dominican Government, both through our legation there and their legation here, and finally, when they wrote a note saying that this compensation was for services to them and that they were perfectly aware that he had been, up to such and such a date, in the employment of and paid by the United States, the matter was allowed to pass. You see our arrangement was to see that these creditors were not affected. If we were going to be responsible for every expenditure and say under all circumstances whether it was advisable, we might as well have undertaken the whole regulation of that Republic. Now, those I believe are the facts in so far as they affect this department.

Mr. DENT. How long since he performed this service?

Mr. WILSON. This whole thing is old history; it was early in the last administration, I fancy.

The CHAIRMAN. When?

Mr. WILSON. Early in the last administration.

The CHAIRMAN. Before you get away from that, did not Dr. Hollander return to the United States immediately after he had completed his employment with our Government?

Mr. WILSON. Very likely; I never took any very intense interest in his employment.

The CHAIRMAN. If that be true, when did he have an opportunity to render services to the Dominican Government for which he was paid? I understand he was paid \$100,000; is not that a fact?

Mr. WILSON. Yes; I believe so. I hesitate to have the stenographer take down my statement about that until I feel it is a proper thing for us to discuss.

The CHAIRMAN. Without any hesitation I will say that the reason I was inquiring about it is that it seemed to have gotten into the press at the time. I have here a quotation from the New York Tribune, stating that Hollander had received \$100,000 and that it had passed through your department, etc. As I understand it, that information would not have been given out at that time if there had been any reason for keeping it secret. That is the reason I was inquiring about it. Now, what I want to get at is, did his connection with our Government cease until his return to the United States?

Mr. WILSON. I am not able to be sure of the details of his movements, as it has been so long ago. I should guess he was down there more than once, but I confess that so soon as the Department of State had done its own duty in this matter in the way I have described, by making sure that the Dominican Government——

The CHAIRMAN. Well, it is our purpose to ascertain for ourselves whether the department did that or not; I do not know; perhaps it

did. However, we want to find out what the facts are. You speak of the matter as being ancient history, but it seems it was made public about a year ago, April 1, 1910?

Mr. WILSON. You inquired about his return from the Dominican Republic. Upon my word, I do not know. I suppose he did his work away back in the fore part of the previous administration and that the return you have reference to was about then, but I confess it is not possible for me to remember.

The CHAIRMAN. Where could we get the information as to the amount of money that our Government paid him and the services he rendered? Would that appear in the Bureau of Accounts?

Mr. WILSON. Yes. Doubtless that account was an emergency fund account, but very likely at this stage there would be no reason in the world why it should not be stated, and if you care to have it I will find out.

The CHAIRMAN. There would be no objection to stating the amount; the purpose might be left out, but there would be no objection to the amount, would there, in any event?

Mr. WILSON. I fancy not.

The CHAIRMAN. Have you anything in the department that explains the character of the service he rendered the Dominican Government for which he was paid?

Mr. WILSON. I imagine not as to service to them paid for by them, any more than we should have an account of the character of service rendered by any other foreigner that the Dominican Government might choose to employ.

The CHAIRMAN. When you were holding up that draft and making inquiries, did you inquire of Dr. Hollander?

Mr. WILSON. I know that some of the officials of the department did seek information from him when he was there; yes.

Mr. DAVIS. Where is Dr. Hollander now?

Mr. WILSON. He is a professor in Johns Hopkins University, Baltimore.

Mr. DAVIS. Have you any data in your office showing when the services were rendered for which he received compensation from the Dominican Government or whether the fee was for services rendered at the same time that he was in the employ of the Government of the United States?

Mr. WILSON. We have the written official communication from the Government concerned covering some of those points; in fact, when we received that official communication, the order was allowed to go through for payment.

The CHAIRMAN. Is that communication of a nature that you could furnish the committee with a copy?

Mr. WILSON. It is an ordinary diplomatic note from a representative of a foreign Government in Washington, and we certainly wish you gentlemen to have any relevant facts consistent with the public interests. That is the only reserve we have, and if you feel curious about that note and if it could be used without seeming to place the Department of State or the Dominican Government in an undignified position I daresay you could be gratified.

The CHAIRMAN. I am satisfied that the committee does not want you to make public anything that would embarrass the department or the Government with other nations.

Mr. DAVIS. I was going to say that I did not desire to have the Secretary give out anything that was improper and I would suggest that on this particular subject, as there seems to be some little delicacy about it, or some possible delicacy about the matter, that he be allowed to consider it further and upon his next appearance before us detail what is possible or ought to be given.

Mr. WILSON. I presume that you gentlemen are not interested in investigating the question whether Dr. Hollander acted improperly and that you have no authority to investigate whether the Dominican Government acted improperly, and that therefore your interest is to have sufficient facts upon which to judge for yourselves whether the Department of State in anyway acted improperly in connection with the payment made Dr. Hollander by the Dominican Government.

Mr. DAVIS. Personally I would like to know whether Dr. Hollander while he was in the employ of the Government of the United States was also employed by the Dominican Government and in anyway gave the United States the worst of it? That would be entirely important; but if it is a diplomatic proposition, I do not care to press it.

Mr. WILSON. That query is certainly germane, because that would involve the question as to whether we were given full measure for the money paid him, and if we can just draw a line around what affects our department I think we can very readily show you gentlemen what will enable you to judge for yourselves as to the wisdom and prudence of the department's course.

Mr. DAVIS. Now, as to this revenue that was collected; that was deposited in this country, as I understand it?

Mr. WILSON. Under the terms of the Santo Domingo arrangement; yes.

Mr. DAVIS. What was the name of the depository?

Mr. WILSON. The Morton Trust Co., I think.

Mr. DAVIS. Of New York?

Mr. WILSON. Yes.

Mr. DAVIS. And all vouchers for money to be drawn on this fund had to pass through your department and receive the indorsement of the State Department?

Mr. WILSON. The Insular Bureau of the War Department has also a relation to them; I have never specialized on the details of the operation.

Mr. DAVIS. Perhaps we can let this go until some further time.

Mr. WILSON. It comes through our department and it has to have the approval of our department, the general approval of our department, before passing on through the Bureau of Insular Affairs; when properly indorsed it goes then to the Morton Trust Co.; that is the process.

The CHAIRMAN. I will ask you further: Do you know whether or not the law firm of Stetson, Jennings & Russell, of New York City, was employed in connection with the settlement of those matters there in Santo Domingo?

Mr. WILSON. I think it is very likely indeed, but I am not sure; however, I rather think so.

Mr. DENT. Employed by whom?

The CHAIRMAN. By the Government.

Mr. WILSON. I think they were employed by some of the many private creditors.

The CHAIRMAN. I asked whether they were in the employ of the Government.

Mr. WILSON. I do not think so, Mr. Hamlin.

The CHAIRMAN. Did the Government employ any special counsel at all in that matter?

Mr. WILSON. You are talking about Santo Domingo?

The CHAIRMAN. Yes. As I understand it, Dr. Hollander is not a lawyer, is he?

Mr. WILSON. I think he was supposed to be an economist and a financial expert. I do not think there was an outside lawyer employed by this Government; but I do not recollect positively. My mind is filled with current matters and it is difficult to recall so long afterwards all the details of that Santo Domingo matter; I will have to brush up or bring Mr. Dawson before the committee; he was down there and he would know all of the details.

The CHAIRMAN. Is Dr. Hollander in the employment of the Government now?

Mr. WILSON. No; that was the last employment. I have not seen Dr. Hollander since before the incident we have been discussing, and he has not been employed by the Government since.

The CHAIRMAN. Well, perhaps at the next meeting, if you have time to brush up on this matter a little bit, we may ask you a few more questions.

Mr. DENT. As a matter of curiosity has your department ever been able to induce any foreign country to reduce the tariff tax on cotton-seed oil?

Mr. WILSON. Yes.

Mr. DENT. Do you remember what country?

Mr. WILSON. I know that we have an offer from Austria-Hungary to reduce it materially now, but we are holding out for a further reduction. I am quite sure that we have got others, but I can not tell you without making an inquiry. The number of things a person has to deal with in my particular office, which is not a specialized one at all, makes it impossible for me to remember all these details about the Hollander matter. I suppose I stated with bluntness, if not with brutality, the object of the inquiry, so that I suppose I shall know by the questions that a reasonable man would wish to ask what information to get you on that matter, or would you rather formulate specific questions?

The CHAIRMAN. Speaking for myself individually, I am specially concerned about what was outlined by Mr. Davis. I would like to know whether this man Hollander while in the employ of our Government engaged himself to the Dominican Government in any kind of service that may have conflicted with our interests, for which he received a large compensation from the Dominican Government, and if that is true, and this compensation came through the State Department and the State Department permitted it to pass, I think it would not be held blameless for that, and that is certainly a matter in which we are interested and about which we ought to have the fullest information possible.

Mr. DAVIS. We want information along a certain line specifically in regard to certain things. We, to a certain extent, are groping in

the dark. We are an investigating committee, and we can not tell—at least I can not—where these things will end. A lead sometimes leads off into other branches. Now, would it be asking too much, and would it be proper for you in the meantime to brush up, as you say, and give us all the information you can consistent with the departmental regulations along that line; give us all the information you can, and if we should ask a question bearing upon the matter which would be improper you could simply say it was touching a line you could not answer?

Mr. WILSON. Oh, certainly; we can give you an elaborate report, and I can have somebody who has the time to study the details prepare the report or give it orally. Of course, Mr. Hamlin wants to know exactly what we wanted to know when we passed upon that payment by San Domingo, and I think if Mr. Hamlin knows what we knew then he will agree with us; that ought to be pretty simple.

Mr. RODDENBERY. If it is true that pending the holding up of this check and the final payment there were protests and objections filed either by Governments or individuals interested in the affairs of Santo Domingo, and they filed those objections and protests with your department, or at any place where those objections came to the attention of your department, giving the reasons why this was not a just claim and why it should not be audited, it would seem to me that if this committee is going to investigate at all along that line it would want to have just such facts as our Government, through the State Department, was in possession of, in order to ascertain the only thing that is important to us, and that is, whether our Government and our department acted properly, independent of whether Santo Domingo or Dr. Hollander resolved to get money that the creditors should have had or whether or not he has imposed on the Government?

Mr. WILSON. Certainly. My impression is that there were no protests. I know that through the whole time the only people that seemed to be interested and obstructive in the matter were our Government and our department, and it took, I think, about six months and a written request to cause us to allow the requisition to go through. I am very sure it will hardly take many minutes to see the simple solution of the question.

The CHAIRMAN. There will be no further inquiries of you to-day.

Subsequent to the taking of the foregoing testimony it developed that the statement as to the reorganization of the department, which Mr. Wilson said he would file with the committee, had already been printed in pamphlet form by the State Department; hence the committee therefore thinks it would be a needless expense to reprint it with these hearings. Anyone interested can, perhaps, obtain copies of the printed statement at the State Department.

(The following letter is, at the request of the Hon. Huntington Wilson, printed as a part of these hearings, in connection with his testimony:)

DEPARTMENT OF STATE,
Washington, May 12, 1911.

HON. COURTNEY W. HAMLIN,
House of Representatives.

MY DEAR MR. HAMLIN: Not having yet received the transcript of yesterday's hearing, which I hope you will be good enough to have sent me at your earliest convenience so that I may make sure that the stenographer understood what I said, I am unable to verify with precision my impression that I yesterday made clear the main facts relevant to your inquiries regarding a phase of the payment of Prof. Hol-

lander, in which you showed some interest. Since yesterday I have been able to have made a hasty examination of the pertinent records and I shall now attempt to reply to your question which I understand to be the question of why the Government of the United States transmitted to the Morton Trust Co. a requisition from the Dominican Government calling for a large payment by it to Dr. Hollander.

There appears to be at the present time nothing detrimental to the public interest in giving you the information that, because of his being an expert in fiscal and financial matters, Dr. Hollander, a university professor who had previously served this Government in Porto Rico, was employed during the periods March 24, 1905 to December 31, 1905, and June 12, 1906, to July 31, 1908, for services of a highly expert and difficult character in connection with the settlement of the Santo Domingo loan and was paid by the Government of the United States a total of \$41,769.47 covering compensation and expenses. In volunteering the foregoing information, which may not bear directly upon the actual point of your inquiry, it is of course unnecessary to advert to the fact that it falls in the category of information, which by fundamental principles of public policy as well as by law, is reserved entirely, as to its communication even to Congress, to the discretion of the Secretary of State, who determines what is his duty in the premises with due regard to the public interest.

Apart from this payment by the United States, he was paid by the Dominican Government for services rendered that Government as its agent in the debt negotiation, \$25,000 in cash and \$75,000 in bonds. This payment was made to Dr. Hollander by the Morton Trust Co. under the authority of a general order against the depositary fund, dated December 12, 1908, and registered March 2, 1909. This order read as follows:

"You will please pay such bills for printing, engraving, and other expenses as may be approved by Jacob H. Hollander."

The order was signed by Mr. Velasquez, secretary of finance of the Dominican Republic, and approved by Jacob H. Hollander. Resting on the authority of this order, the Morton Trust Co. made the payment to Dr. Hollander without apprising the Department of State and giving it opportunity to make its customary authorization for payments out of the depositary fund. The form originally prescribed by Secretary Root for the necessary viséing of orders for such payments was as follows: The Dominican Republic was to send the orders to the Department of State for examination by its appropriate officers to ascertain whether or not the expenditure directed was within the terms of the convention. If the department approved the order, it was to send it to the Insular Bureau of the War Department for registration as in conformity with the terms of the convention, with the direction that the Insular Bureau forward the order to the fiscal agency (Morton Trust Co.), and so notify the representative of the Dominican Government. As stated above, the Morton Trust Co. made its disbursement under the authority of the general order described above and without receiving in the case of this particular payment the customary authorization by the department.

When the payment was reported to the War Department the item attracted attention as unusual and was brought to the attention of Secretary Root. The matter was immediately made the subject of investigation by the Department of State and a series of communications were addressed to Dr. Hollander and the Dominican Government. This investigation and inquiry lasted from March, 1909, until January, 1910. On January 10, 1910, the Dominican legation communicated for its Government the ratification finally deemed satisfactory by the department, and on February 8, 1910, the department transmitted the newly submitted order for the Hollander payment and made its customary authorization to the Insular Bureau to register it as drawn in conformity with the convention of February 8, 1907.

The department's authorization described above was given because in its legation's note of January 10, 1910, the Dominican Government stated that although it was not aware of compensation having been paid by the Government of the United States to Dr. Hollander prior to August 1, 1908, for his services in connection with the Dominican debt when it ordered that the sum of \$100,000 be paid to Dr. Hollander, its intention was not only to remunerate Dr. Hollander for the important services rendered by him to the Dominican Republic and those he might render in the future in connection with the settlement, but also to testify its appreciation of his services. It accordingly requested that the order of December 11, 1908, in his favor be maintained in force and that it be viséed in the customary fashion.

It will be observed that the provisions of the convention of February 8, 1907, fall under two heads: First, the recitals of the preamble, and, second, the covenants contained in the five articles. These latter covenants provide that the United States shall appoint a receiver of Dominican customs and specify in detail the distribution which the receiver shall make of the customs collected. The United States is, of course, bound to the Dominican Republic to see that the general receiver distributes the customs in accordance with the terms of the treaty. The pertinent part of the recitals of the preamble is as follows:

“And whereas a part of such plan of settlement is the issue and sale of bonds of the Dominican Republic to the amount of \$20,000,000 bearing 5 per cent interest payable in 50 years and redeemable after 10 years at 102½ and requiring payment of at least 1 per cent per annum for amortization, the proceeds of said bonds, together with such funds as are now deposited for the benefit of creditors from customs revenues of the Dominican Republic heretofore received, after payment of the expenses of such adjustment, to be applied first to the payment of said debts and claims as adjusted, and, second, out of the balance remaining to the retirement and extinction of certain concessions and harbor monopolies which are a burden and hindrance to the commerce of the country, and, third, the entire balance still remaining to the construction of certain railroads and bridges and other public improvements necessary to the industrial development of the country.”

It will be observed that the issue of bonds or their proceeds are to be applied after the payment of the expenses of the debt adjustment, (1) to the payment of claims and debts as adjusted, (2) out of the balance remaining to the retirement and extinction of certain concessions and harbor monopolies which are a burden to the commerce of the country, and (3) the entire balance still remaining to the construction of certain railroads and bridges and other public improvements necessary to the industrial development of the country. It has been the view of the department that this Government is by these recitals morally bound, to the creditors at least, to see that the money and securities are applied in accordance with the purposes of the treaty therein indicated. However it has been the department's view that while this Government should scrutinize the expenditures proposed by the Dominican Government to determine whether they are within the terms of the convention, this Government rests under no general obligation to pass upon the advisability or wisdom of all expenditures. In regard to the Hollander payment it should be observed, first, that the payment never threatened the performance of this Government's trust to the creditors since the state of accounts of the depository fund showed a margin amply sufficient to satisfy the creditors (and also for the cancellation of the harbor concessions); second, that the payment was within the general purposes of the treaty as “expenses of (debt) adjustment,” referred to therein, and, third, upon the Dominican Government's direction for the payment it would appear, as indicated above, not to have been incumbent upon the department after such direction by the Dominican Government to argue about its propriety or advisability.

It will thus be seen that the three duties of the department were, first, to know positively and officially that the Dominican Government was making this payment with full knowledge of all the circumstances attending the transaction; second, to assure itself that the payment did not conflict with the well-defined obligation of the Government of the United States to see that all payments were within the terms of the convention; and, third, to see that payments were consistent with the interests of the beneficiary creditors toward whom this Government bears special relation under the convention.

Finally, it may not be out of place to remark that no exception has ever been made to the payment by the Dominican Government, so far as known to the department, which delayed the payment for nearly a year and gave the question exhaustive consideration merely from a quite spontaneous abundance of caution due to a desire to meet the well-defined duties of the United States in the premises.

I am, my dear Mr. Hamlin, yours, very faithfully,

HUNTINGTON WILSON.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EXPENDITURES IN THE
DEPARTMENT OF STATE,

Washington, D. C., Wednesday, May 17, 1911.

The committee continued its hearings, Hon. Courtney W. Hamlin (chairman) presiding, with the following members present: Messrs. Hamlin, Dent, jr., Roddenbery, Stephens, and Wedemeyer.

Hon. Huntington Wilson, Assistant Secretary of State, was present and continued his testimony, as follows:

The CHAIRMAN. Mr. Wilson, I received your letter of May 12, 1911, in relation to the Hollander matter; I have read it over carefully and submitted it to such members of the committee as happened to

be around the committee room. There are a few questions we would like to ask you in relation to the matter contained in the letter in order to make it a little clearer. Where did Mr. Hollander perform that service for this Government, here or in Santo Domingo?

Mr. WILSON. I think it was mostly in Santo Domingo, Mr. Chairman, but if you will permit me, I would like to say that if the committee desires further information on the subject of that letter, it would be well to take a note of the specific questions you desire answered. I think you regard them as so important that extreme accuracy is desirable and I can make no pretense of being able to answer such detailed questions offhand.

The CHAIRMAN. Well, it is barely possible you may be able to answer such questions as we may ask you to-day, but if not you can supply the answers. I notice you say in your letter that "he was employed during the periods of March 24, 1905, to December 31, 1905, and June 12, 1906, to July 31, 1908, for services of a highly expert and difficult character in connection with the settlement of the Santo Domingo loan." What loan do you refer to specifically?

Mr. WILSON. I think that word ought to be "debt," the Santo Domingo debt, because my recollection of the arrangement is that it consisted of the sealing down of all the outstanding claims, and then the gradual discharge of the obligations thus liquidated through the setting aside of the customs. I do not think that word "loan" is right, unless in the sense of the payment of loans previously made.

The CHAIRMAN. Who held these debts: who were the creditors?

Mr. WILSON. They were of various nationalities; I believe they were French, Italian, German, British, and American.

The CHAIRMAN. Was the United States charged with the responsibility of administering upon the affairs of this Republic to the extent of adjusting and paying all the debts for our own citizens and the citizens of the other countries which you have mentioned?

Mr. WILSON. Was it charged?

The CHAIRMAN. Yes. Was there an obligation resting upon us to adjust the claims of citizens of other nations against the Republic to the extent that we were compelled to adjust them and see that they were paid their pro rata share of the proceeds?

Mr. WILSON. I think that question, Mr. Chairman, has less to do with the details as to which you have been inquiring than with broad principles of foreign policy. From the outset, as you know, there was nothing charging the United States with doing these things except what might have been found the wisest public policy of the United States in view of the set of facts then found to exist in Santo Domingo.

The CHAIRMAN. Right there let me ask this question, which, I think, will make my other question clearer to you. Was there not a treaty entered into between that Republic and this Government covering the duties to be performed by this Government in relation to these matters?

Mr. WILSON. Oh, yes; ultimately the convention quoted in that letter.

The CHAIRMAN. Now, was this convention entered into prior to the sending of Mr. Hollander down to that Republic?

Mr. WILSON. No; his work was done——

The CHAIRMAN. Before?

Mr. WILSON. It at least commenced before?

The CHAIRMAN. Well, then, why did you send Dr. Hollander down there before you had entered into any kind of an agreement or an arrangement with that Republic to look after these matters?

Mr. WILSON. The answer to that question is a very simple one, although, as I said the other day, I am asked now offhand to discuss policies of a good many years ago under a previous administration. But the reason is this, Mr. Chairman, as you will see, that through the Constitution and the laws of the United States the President (and the Secretary of State is so charged specifically also) is charged with responsibility for the international relations and position in the world of the United States as a whole, and, naturally, to do what he deems necessary in fulfilling that obligation to the American people. If the President and Secretary of State at any time see a situation in a foreign country in which they think their responsibility to the American people in conducting their foreign relations makes it wise that they should expend money in an investigation of the situation or in taking preliminary steps toward a future convention or treaty, which may or may not be consummated, such a course, in my judgment, is beyond the shadow of a doubt not only their right, but a duty, and, indeed, the very language of the appropriations, not for specific purposes, but for general purposes, for the conduct of foreign relations and for emergencies arising out of such conduct of foreign relations, implies most plainly the same right and obligation, and the appropriations supply in advance the actual means necessary.

The CHAIRMAN. That, of course, Mr. Secretary, is a pretty good argument, no doubt, in defense of what you did, but we want to get at the facts, and when we do we will then draw our conclusions as to whether you acted wisely or not. Now, before we get away from that, what occasioned my asking that question was your reference to the fact that he went down there to look after these debts, scale them down, and so forth, not only for American creditors, but for French creditors, English creditors, Italian creditors, and other creditors. Now, I can not understand where our obligation came in to look after the interests of these foreigners unless there was a convention entered into that obligated us to do it. Now, I will ask you whether he made a trip to Europe before going to Santo Domingo, after his employment by our Government?

Mr. WILSON. Mr. Chairman, if you will allow me before answering that question—you alluded to me as defending the policy of the previous administration in Santo Domingo, and I do not wish to let that pass, if you will allow me, without explaining, that I am not defending it because I do not consider it requires defense, I was merely trying my very best to explain it, and I must apologize for my inability to answer your questions more definitely. After sending a letter, which I thought went to the very root of the question of the other day, namely, whether the Department of State discharged its duty in reference to the Dominican Government's payment to Hollander (thinking that that was the sole point), I have not made a minute study of all the background and details of Dr. Hollander's movements for which this Government paid him. And as you wrote me a letter asking me to appear here, without the slightest indication of the subject, it makes it difficult for me to be as useful to you as I could if I could know beforehand what subject, of the vast number of subjects

before the committee, you proposed to take up this morning, and if I might suggest, I am afraid that the only useful way to give the committee all the information it wants on this subject would be, if you would be good enough, to formulate your questions and then I can look up as much detail as you require and answer in writing, or, as I suggested before, send an officer of the department who was specially related to this business. I mentioned Mr. Dawson the other day, he having been minister in Santo Domingo. It is about as difficult for a general officer of our department to answer in detail, without warning, as it would be for the Speaker of the House to describe in detail the bills before all the committees.

The CHAIRMAN. Of course, if you can not answer you can not, but it is impossible for us to formulate in advance all the questions we might want to ask, because one answer might suggest another question.

Mr. WILSON. I do not know whether he was in Europe or not.

The CHAIRMAN. You do not know about that?

Mr. WILSON. No, sir.

The CHAIRMAN. He was employed to go down to Santo Domingo, as I understand it, to look over the situation and to adjust the debts of that Government; that is, debts owing to the citizens of this country and the citizens of other countries—is that correct?

Mr. WILSON. Yes; with my relatively meager knowledge I think I could at this time say that is so. My understanding is, however, that he had to be a sort of go-between in going to creditors, for instance, and endeavoring to induce them to scale down their claims to lower figures; that he would look at the resources of the Dominican Republic and then look at the face value of these outstanding claims and try to find out how much inflated they were; that he acted as a go-between, and in that way tried to reduce the thing to its lowest terms. That is my general idea. Now, if you wish to have a more complete description of his activities for the Government of the United States I think I can furnish it to you.

The CHAIRMAN. Very well, but do not make it too long; condense it all you can, and we will be very glad to have it.

Mr. WILSON. I will make a note of that.

The CHAIRMAN. We did not take charge of the customs receipts down there until after this treaty was entered into, did we?

Mr. WILSON. No. You will recall, I think, and probably with nearly as much precision as I can, that there was some difficulty as to how far could be gone without a convention ratified by the Senate, and that a *modus vivendi*, so called, was negotiated. The thing did not, however, get on its firm and permanent basis until the present convention. Now, it may be that under the *modus vivendi*, when there was, as I recall, an honest difference of opinion as to whether the Government could go that far without ratification by the Senate, something in relation to the customs was actually done, but I doubt it. Would you like to know about that?

The CHAIRMAN. We would like to know about that. Do you recall that there was one treaty prepared and presented to the Senate which was not ratified and then afterwards a new treaty presented which was ratified?

Mr. WILSON. I do not recall it, because I had no more idea that that might interest the committee this morning than any other of all the treaties we have.

The CHAIRMAN. What connection did you bear to the department when these matters were transpiring?

Mr. WILSON. I was secretary of legation and embassy in Japan during all the early preliminaries.

The CHAIRMAN. You were not in this country?

Mr. WILSON. I was not in this country. I arrived in Washington June 29, 1906, and then became Third Assistant Secretary of State. In December, 1908, I was appointed minister to the Balkan States; in January, 1909, minister to the Argentine Republic, and the beginning of the present administration to my present post.

The CHAIRMAN. 1906?

Mr. WILSON. Yes. During the three years, nearly, that I was Third Assistant Secretary of State the duties with which I was charged were, first, the direction of the Consular Service and questions of international conferences, exhibitions, and certain accounts, and subsequently far eastern affairs, what the Far Eastern Division has now. So that the nature of my work was such that whatever may have transpired in regard to Santo Domingo during my service in the department prior to this administration did not bring me into any particular contact with Santo Domingo matters.

The CHAIRMAN. Do you know who selected the depositary of this fund?

Mr. WILSON. No, sir; I do not.

Mr. DENT. If you will pardon me, I will make this suggestion, that as I understand from Mr. Wilson he has no peculiar knowledge about this transaction but can furnish us somebody connected with the department that has such knowledge; is that correct?

Mr. WILSON. Certainly, sir.

Mr. DENT. It seems to me we had better hear the man who has peculiar and special knowledge of the matter.

The CHAIRMAN. Who is the man you would mention as having special knowledge about this?

Mr. WILSON. We could get Mr. Dawson who was, for some time, minister in Santo Domingo, or we could get one of the other officers of the department to give some days, dropping everything else, to getting out all the papers and every detail, and then endeavoring to be in a position to answer all the questions that you may ask and to answer which is consistent with the diplomatic interests of the United States.

The CHAIRMAN. Is Mr. Dawson in Washington now?

Mr. WILSON. Yes.

The CHAIRMAN. Will you detail a man to prepare himself to inform us not only on the matters that we have been asking about, but also as to whether there was a loan made by anyone in this country in the shape of bonds issued by that Republic; and if so, who handled those bonds and who selected the depositary of the funds collected from the customs receipts, if your records show, and I presume they do?

Mr. WILSON. I should not be surprised that it is mentioned in the convention itself, but I will look it up.

The CHAIRMAN. Can you furnish us with a copy of that?

Mr. WILSON. Oh, certainly. It is published.

The CHAIRMAN. I wish you would send us a copy. If you are in possession of the facts I wish you would furnish us with a statement

as to the services Dr. Hollander furnished the Dominican Government for which he was paid \$100,000 and when they were rendered.

Mr. WILSON. I am almost sure we have nothing further on that than what you have before you, but I will make sure. That is the affair of that Government, and I doubt whether we possess further information than that contained in the letter.

Mr. DENT. I do not know whether it would be proper to disclose it, but I would like to know, and I suppose the committee would, what the circumstances were that induced our Government to believe that the Monroe doctrine was sufficiently endangered to justify us in sending a special agent there, and how that agent was paid, whether he was paid out of the general appropriation or whether he was paid out of the emergency or secret fund, for which you do not have to account.

Mr. WILSON. He was paid out of the emergency fund, and that is set forth in that letter. As for the other question, Mr. Dent, which is so absolutely political, I do not know whether there is anything I can say this morning that would be interesting to you about it.

The CHAIRMAN. At the time this Government paid Dr. Hollander the \$41,769.47, covering compensation and expenses, did this Government know that he was being employed by the Dominican Government under an agreement to pay him a fee for his services?

Mr. STEPHENS. I believe it is stated in that letter that the Dominican Government did not know he was in our employ?

Mr. WILSON. The answer to the previous question is no, but I will get it for you. At least I feel sure that the answer to that question is no.

Mr. RODDENBERY. You answered that at the time this claim was paid, this \$41,000, our Government did not know he was in the employ in any way of the Dominican Government?

Mr. WILSON. To that question, Mr. Roddenbery, I can say this, that without knowing of my direct knowledge I feel quite sure that when he was paid by us, up to the final payment by us, we had no knowledge of his being paid by the other Government, but I would like to answer that question from absolute, direct knowledge when the rest of these questions are answered.

Mr. RODDENBERY. I will wait and ask you further questions on that line when you can be sure about your answers.

(The committee thereupon adjourned.)



No. 2

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

MAY 23 AND 24, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY WALKER HAMLIN, *Chairman*, Missouri.

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT, *Tuesday, May 23, 1911.*

The committee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

The CHAIRMAN. There seems to be a quorum present, and the matter to come before the committee this morning is the examination of Mr. Dawson.

TESTIMONY OF MR. THOMAS C. DAWSON.

(The witness was sworn by the chairman.)

The CHAIRMAN. State your name, please.

Mr. DAWSON. Thomas C. Dawson.

The CHAIRMAN. Have you any connection with the State Department in an official way?

Mr. DAWSON. Yes, sir; I am in the Diplomatic Service. I am now minister to Panama.

The CHAIRMAN. How long have you been employed in the Diplomatic Service?

Mr. DAWSON. Fourteen years.

The CHAIRMAN. Were you ever in the employ of the Government in any special capacity before you went into the regular service?

Mr. DAWSON. No, sir.

The CHAIRMAN. Were you ever accredited to the Republic of San Domingo?

Mr. DAWSON. The Dominican Republic; yes.

The CHAIRMAN. When were you sent there?

Mr. DAWSON. I was named as minister there in April of 1904.

The CHAIRMAN. You say you were minister to that Republic?

Mr. DAWSON. Yes, sir. I arrived there toward the end of June. When I was named I was in Brazil.

The CHAIRMAN. How long did you serve in that capacity in the Dominican Republic?

Mr. DAWSON. Almost three years.

The CHAIRMAN. Continuously?

Mr. DAWSON. Yes; continuously.

The CHAIRMAN. Then you were minister to that Republic from April, 1904, to about that date in 1907?

Mr. DAWSON. No, sir; until the end of 1906, I think. Then I was named minister to Colombia, but the State Department especially assigned me for two or three months to finish out this Dominican

business that I had been doing. I really severed my connection with Dominican affairs about April 20, making it about three years that I was actively engaged in Dominican affairs.

The CHAIRMAN. Do you know Jacob H. Hollander?

Mr. DAWSON. Yes, sir.

The CHAIRMAN. Did you see him in Santo Domingo at any time during your residence there?

Mr. DAWSON. Yes, sir; I saw him first April 10, 1905, at the city of Santo Domingo.

The CHAIRMAN. Do you know whether he was there in an official capacity?

Mr. DAWSON. I do; yes, sir.

The CHAIRMAN. What was his connection with the Government?

Mr. DAWSON. He personally handed me a letter from the Acting Secretary of State, Mr. Adee, introducing him as the special representative of the President to examine financial affairs in Santo Domingo for the purpose of aiding the President in getting the knowledge he wanted about the financial affairs of Santo Domingo. I also received a confirmatory letter from the Secretary of State, or the Acting Secretary of State, that came through the legation mail pouch, ratifying its letter that Dr. Hollander handed me. Also, Dr. Hollander exhibited to me or told me at that time he had a letter from the President himself—President Roosevelt—and thereupon I told him that I should be glad to introduce him to the President of the Dominican Republic. He was so presented and read this letter to President Morales, or, possibly, handed him a copy—although that I am not perfectly sure of—of this letter from President Roosevelt.

The CHAIRMAN. Did this letter which he presented to you, and also the letter which you received from the department in the regular course of the mails, outline his duties?

Mr. DAWSON. Yes, sir; but I have already indicated that.

The CHAIRMAN. Have you copies of those letters?

Mr. DAWSON. No, sir; I have not. His duties were confined to the obtaining of information in regard to the financial affairs of Santo Domingo.

The CHAIRMAN. How long did he remain there on this occasion, do you know?

Mr. DAWSON. Just about a month.

The CHAIRMAN. Do you know where he went from there?

Mr. DAWSON. Yes, sir; I was with him most of the time.

The CHAIRMAN. Where did he go?

Mr. DAWSON. You mean after he left the Dominican Republic?

The CHAIRMAN. Yes.

Mr. DAWSON. Why, he came back to Baltimore, where he lives; to New York, Baltimore, and Washington.

The CHAIRMAN. Do you know of any service he rendered our Government there during that month's stay?

Mr. DAWSON. To our Government?

The CHAIRMAN. Yes.

Mr. DAWSON. Yes, sir; I do.

The CHAIRMAN. What was the character of that service?

Mr. DAWSON. It was the obtaining of information in regard to the financial condition of Santo Domingo: that was it in general terms. I will be glad to go more in detail if the committee desires it.

The CHAIRMAN. Well, in what particular did he make an examination? If you can, briefly give the committee an idea of some of the particular work he did.

Mr. DAWSON. Well, there was a debt, unknown in amount on account of the awful confusion, political, financial, and economical, which existed in the island. Nobody knew how much the Dominican Republic owed. For six months previously I had been working almost day and night, continuously, in obtaining all the information I could about its financial situation, and I came to the conclusion that the claimed debt was at least \$35,000,000. But there were so many things, like treasury bills and contracts, payable in customs, and repudiated currency notes and unpaid currency bills, and old accounts that had never been paid, that there was no certainty or order at all and no means of ascertaining from the ordinary governmental records what the debt approximately was or what the merits of the different parts of the debt were.

The CHAIRMAN. Do you refer to the entire indebtedness of the Dominican Government?

Mr. DAWSON. Yes, sir; the entire indebtedness of the Dominican Government.

The CHAIRMAN. That was what he was engaged in during that month's stay there, he was trying to ascertain the amount of this indebtedness?

Mr. DAWSON. Yes; the amount of the indebtedness; also its nature and its character, the financial situation, the kind of revenue, the manner in which the revenue was collected, the method by which the revenue disappeared when a revolution was on or when a revolution was not on; finding out the inside particulars of the financial administration and situation of the Dominican Republic.

The CHAIRMAN. Had there been any bonds issued by that Republic at that time to cover this indebtedness?

Mr. DAWSON. There had not to cover this indebtedness, but bonds were a part of the indebtedness.

The CHAIRMAN. Do you know the amount of those outstanding bonds, approximately?

Mr. DAWSON. By bonds I take it you mean regularly signed and authorized documents intended for sale in financial markets?

The CHAIRMAN. That is what I mean; yes, sir.

Mr. DAWSON. Well, it was well over \$20,000,000. If the committee desires the exact figures I can ascertain them.

The CHAIRMAN. I do not think the committee cares for the exact figures. Do you know where those bonds were held?

Mr. DAWSON. Some of them; yes, sir; perhaps the majority of them, but not all of them.

The CHAIRMAN. Where?

Mr. DAWSON. A large portion of them were held by the Santo Domingo Improvement Co.

The CHAIRMAN. And what was the Santo Domingo Improvement Co.?

Mr. DAWSON. It was a corporation that had charge of what is called the "Regie," the collection of customs. Nominally it was to have charge, but in fact it did not have such charge when I was there.

The CHAIRMAN. And where was that company organized?

Mr. DAWSON. In New Jersey, I think. It was practically a New York corporation.

The CHAIRMAN. It was a New York corporation?

Mr. DAWSON. I do not know whether it was a New Jersey or a New York corporation, but the gentlemen whom I talked with were New York men—that is to say, it was in New York I saw the gentlemen who claimed to represent the company.

The CHAIRMAN. Do you know the names of any of the directors of the Santo Domingo Improvement Co.?

Mr. DAWSON. Yes; Smith Weed was one.

The CHAIRMAN. Living where?

Mr. DAWSON. Doing business in New York. Where he lived I do not know.

The CHAIRMAN. Do you know anyone else?

Mr. DAWSON. Yes, sir. A man named Brown with his partner Wells, lawyers down on Rector Street. The last I knew of him his office was I think at No. 2 Rector Street.

The CHAIRMAN. New York?

Mr. DAWSON. Yes, sir. All of these gentlemen were of New York.

The CHAIRMAN. They were all New York gentlemen, were they?

Mr. DAWSON. Yes, sir.

The CHAIRMAN. Do you recall the names of any of the other directors?

Mr. DAWSON. Yes. There was one director whose name was Judge Abbott; he was from Vermont. He was the director that talked Spanish and he went to Santo Domingo for the company.

The CHAIRMAN. Do you know whether this company was a part of what is generally known as the Morgan syndicate?

Mr. DAWSON. No, sir; it was not, and had no connection with it.

The CHAIRMAN. You know that?

Mr. DAWSON. Yes, sir.

The CHAIRMAN. How do you know that?

Mr. DAWSON. Well, I have no reason to believe that it was; at that time I never heard of the Morgan syndicate.

The CHAIRMAN. Was it any part of or did it have any connection with the Morton Trust Co.?

Mr. DAWSON. No, sir; none at all.

The CHAIRMAN. That you know of?

Mr. DAWSON. No.

The CHAIRMAN. Did you have any communication with this Santo Domingo Improvement Co.?

Mr. DAWSON. With the officers I have mentioned? Yes.

The CHAIRMAN. At any time while you were there?

Mr. DAWSON. Yes, sir. Before Dr. Hollander came there, however.

The CHAIRMAN. After Dr. Hollander came there, did you have any communication with this company in relation to matters down there?

Mr. DAWSON. No, sir. I have never since spoken to any of these gentlemen that I mentioned.

The CHAIRMAN. Do you know whether Dr. Hollander had communications with them while he was there?

Mr. DAWSON. That I do not know; but I have no reason to think that he had; there was no occasion for it. Oh, yes; I beg your pardon; he did have; I was mistaken about that. When it came to the settlement of the amount that the Santo Domingo Improvement Co.

was to get—that is, what they were to sell their bonds for, which was two or three years later—he unquestionably communicated with them.

The CHAIRMAN. I was coming to that later on. Now, there was a convention entered into between that Republic and this Government later on, was there not?

Mr. DAWSON. Yes, sir; but the first convention before Dr. Hollander came there.

The CHAIRMAN. Well, perhaps I am speaking of a later one. Was there still another treaty entered into?

Mr. DAWSON. I negotiated a treaty that was signed February 7, 1905, and that was pending before the Senate when Dr. Hollander got there.

The CHAIRMAN. Now, the final disposition of matters down there was made under this last convention that you speak of, was it not?

Mr. DAWSON. The final disposition; yes sir. My own functions closed with being present when the treaty—the last or 1907 treaty, signed just two years subsequent to the first one—was ratified by the Dominican Congress. This was in April, 1907; then my connection with Dominican matters ceased.

The CHAIRMAN. About the time this 1907 convention was ratified was there another issue of bonds by the Dominican Government?

Mr. DAWSON. No; that was afterwards; considerably afterwards.

The CHAIRMAN. The bonds were issued afterwards?

Mr. DAWSON. Yes, sir.

The CHAIRMAN. About how long afterwards; do you remember?

Mr. DAWSON. Well, you see that was subsequent to my time in Santo Domingo, and I was then absent in Colombia and in Chile.

The CHAIRMAN. Was there an understanding reached, however, at the time this convention was being negotiated that there would be an issue of bonds by the Dominican Republic?

Mr. DAWSON. Yes; it was hoped there would be; there were negotiations about it.

The CHAIRMAN. Well, did it not reach the point of being practically an agreed fact?

Mr. DAWSON. Yes; but it fell down.

The CHAIRMAN. It did fall down?

Mr. DAWSON. Yes.

The CHAIRMAN. What occasioned its falling down?

Mr. DAWSON. Well, the Dominican Congress changed the contract and——

The CHAIRMAN. Well, right there let me ask you: Had there been a contract entered into in that respect?

Mr. DAWSON. Yes, sir; ad referendum, as it is called. There were two contracts.

The CHAIRMAN. Who were the parties?

Mr. DAWSON. Federico Velasquez, minister of finance, as they call it there, but we would call him Secretary of the Treasury, and Kuhn, Loeb & Co. were the parties to one of those contracts.

The CHAIRMAN. Kuhn, Loeb & Co. of New York?

Mr. DAWSON. Of New York. And the other contract was what is called a fiscal contract, which is a kind of a trust arrangement, made by Velasquez with the Morton Trust Co. It was signed, I presume, by ex-Gov. Allen; I do not remember that exactly, but anyhow it

was signed by the proper officer of the corporation. Mr. Allen was then its vice president and manager.

The CHAIRMAN. The purport of the fiscal contract was to make the Morton Trust Co. the depositary of the funds collected in the Dominican Government, is that it?

Mr. DAWSON. No; not entirely.

The CHAIRMAN. What was the effect of it?

Mr. DAWSON. My recollection is that it was in reference to the bonds, what is called the amortization, taking care of the matter after the bonds were issued, conditioned upon the thing going into effect and the bonds being placed upon the market, sold and issued.

The CHAIRMAN. What occasioned the falling down of those contracts? What was the trouble, I mean?

Mr. DAWSON. Why, I think I told you just now that it was the changing of certain provisions in them by the Dominican Congress when they came before it for ratification.

The CHAIRMAN. In a general way do you remember what those changes were?

Mr. DAWSON. No, sir; I do not. I can only state my impression is they were immaterial ones, but this is only a guess; I have little doubt, however, that the panic of 1907 was a factor. Of course, there was a period in which the Dominican Government was to accept or reject, and it accepted conditionally. The period for which the offer was good expired, and then it was held open for a few months, or, rather, remained apparently open for a few months, during which nothing further was done. Then the panic came on and the idea was abandoned.

The CHAIRMAN. But those contracts were practically renewed, were they not, and bonds subsequently issued?

Mr. DAWSON. I do not know about that; I understand so, but that is something that happened subsequently and when I was engaged in South America, miles away, and, therefore, I can not say I know of my own knowledge.

The CHAIRMAN. Do you know from any statements that have been made to you upon whose suggestion Dr. Hollander was appointed to represent this Government down there?

Mr. DAWSON. No, sir. Will you let me go outside of your question a bit? I think I can aid your committee in that way. Dr. Hollander had been the treasurer of Porto Rico away back in McKinley's time, just after the establishment of a civil government down there, when Mr. Root was Secretary of War; and he was also a professor at Johns Hopkins University and considered one of the most eminent economists in the United States; he was treasurer of Porto Rico for two years, or something like that, and did what we call constructive work, established a new system of taxation, etc. He obtained a great reputation through the West Indies on account of that work, and in my judgment that was the reason why he was suggested.

The CHAIRMAN. Now, do you know of any services that Dr. Hollander rendered the Dominican Government?

Mr. DAWSON. No, sir; I do not know anything about any work he did except when I was there. Incidentally I may say that you could not serve the United States in finding out about those rotten finances without in a way helping the Dominican Government.

The CHAIRMAN. You know he received \$100,000 in compensation from the Dominican Government, do you not?

Mr. DAWSON. Of course I know it; I mean I am morally convinced of it; but I have no personal knowledge of it. Substantially I know of it; yes.

The CHAIRMAN. But you do not know of any services that he rendered the Dominican Government for which this fee was paid?

Mr. DAWSON. Well, I am not qualified to speak about that. That is a matter between the Dominican Government and himself. They never asked me for any advice on that subject; in fact they could not, because I was——

The CHAIRMAN (interposing), When did he return to Santo Domingo?

Mr. DAWSON. He came to Santo Domingo city on April 10, 1905. A few days later he rode up to Bani, Azua, and Barahona, with his secretary, Mr. Schoenrich, a German-American. Then he came back to Santo Domingo city and spent quite a little while going through the archives, and he blocked out a lot of similar work for Schoenrich to do. Then he went up to Samana, La Vega, and Sanchez and investigated things up there; I went with him, and then I left him at Sanchez. I had to go back immediately to Santo Domingo city, because things were looking pretty bad from a revolutionary standpoint. Dr. Hollander proceeded to Santiago and Puerto Plata and other northern towns and went through all of their municipal and customhouse archives, as far as he could, getting original information; and then he left from the north coast and came back to the United States; and about two weeks later I came up to the United States myself, and about a week after my arrival, I should say, he went to Europe, and he was in Europe until the beginning of August.

The CHAIRMAN. Was he representing our Government over in Europe?

Mr. DAWSON. He had to go over to find out about many of the Dominican debts. There were French, Belgian, German, Spanish claims and a dozen different claims included; there were time loans and claims accruing under partnership arrangement with Dominican officials; also he had to see the principals on the other side to find out what the merits of their claims were and what they really claimed, because in Santo Domingo he had not found agents authorized to speak for these people, as they did not have regular agents there.

The CHAIRMAN. When did he return to the Dominican Republic?

Mr. DAWSON. Then he came back early in August, and then he was given a commission as special commissioner plenipotentiary, having the rank of minister plenipotentiary. He was a special agent, with that rank, so he would have the prestige, you know, of being able to go to an official and to speak to him officially and obtain from him what he wanted.

The CHAIRMAN. August of what year?

Mr. DAWSON. Of the same year.

The CHAIRMAN. 1905?

Mr. DAWSON. Yes; and he came back and continued his investigations, and at that time he was there longer; he worked very hard there, and he was practically all of the time at Santo Domingo city,

working on the material that Schoenrich had gathered for him. He took that back with him to the United States.

Mr. STEPHENS. How long did he remain that time?

Mr. DAWSON. On the island of Santo Domingo?

Mr. STEPHENS. Yes; engaged in that work there before coming back to this country?

Mr. DAWSON. He took his material back, all these documents, notes, and data that he had gathered, and took it up to Baltimore and worked at it there in order to make his final report.

Mr. STEPHENS. I understand; but how long did he remain in that country before coming back to Baltimore with his notes?

Mr. DAWSON. Oh, I suppose about six weeks.

The CHAIRMAN. This extra commission that you say was issued to him, was that issued to him in August, 1905?

Mr. DAWSON. Yes, sir.

The CHAIRMAN. Then your understanding is that he was in the employment of this Government continuously from April, 1905, until when?

Mr. DAWSON. Well, until about the end of the year.

The CHAIRMAN. About the end of the year?

Mr. DAWSON. Yes, sir.

The CHAIRMAN. Then did his employment cease?

Mr. DAWSON. I suppose so; yes, it did.

The CHAIRMAN. Was he afterwards sent back there?

Mr. DAWSON. Yes; in the following year, 1906, he was again under employment, but there was no new commission issued to him. I should say his first employment ended at the time he filed this elaborate report of his, which was along about the end of the year 1905.

Mr. STEPHENS. When did the new employment begin?

Mr. DAWSON. Why, I do not know that I should call it a new appointment; what I was referring to was his again becoming active in the matter, beginning in about June, 1906. I do not know of anything he did between the end of the year and June, 1906.

The CHAIRMAN. Now, commencing with that period of time, what were his duties on the island? Were they the same that they had been before, or different?

Mr. DAWSON. Well, this treaty of 1907 was held up in the Senate, was pending before the Senate from February until, say, May, 1906, and in December of—well, I will not go into the details of that unless you want me to do so. But I was in constant anxiety about the political situation; sporadic revolutions were springing up everywhere, and I was running around the island trying to get them together to stop them from killing each other while the first treaty was being held up in the Senate. In this interval there was what they call a *modus vivendi*; that is, the Dominican Government asked us to let some American collect their customs in the meantime; that is what they call a *modus vivendi*; it was the act of the Dominican Government. Under that *modus vivendi* the Dominican Government set aside 55 per cent of their total revenues to be applied on the payment of the debts, and it was carried out in good faith, so there was a fund accumulating all the while. The Dominican Government, as soon as the *modus vivendi* went into effect, suspended all payments on their debt, and, of course, the debtors were clamorous and the pressure was very strong on the Dominican Government.

Minister Velasquez came to me daily, saying, "The Italians or the Germans are after me to-day," or "The French or Belgians want some arrangement, as there is a big amount of money accumulating there and they think there ought to be a dividend declared." I would say, "There can not be a dividend until you know what the proportional amounts are to which the creditor is entitled." There was never any hope of Santo Domingo paying off the whole debt; the items had to be scaled down and the proportions made just. So there either had to be a commission to examine these different debts and determine on the equitable amount of each, or there had to be an arbitrary agreement made with the creditors, all of which, of course, looked like insuperable difficulties.

Then, on the other hand, the existence of this sum of money was a temptation to revolution. While the Dominican Government had pledged itself to an arrangement whereby they had agreed to divide equitably the accumulated sum, if the first treaty shall not be ratified, the question then would arise: What is equitable? Therefore the existence of this large amount of disposable money was a sort of a temptation to the people who were out of office and wanted to get in. And when it mounted up to over a million dollars in May and June of 1906, the pressure became very strong, and Velasquez began to talk to me about what proportion of this amount ought to go to each of these different classes of debts.

The CHAIRMAN. Where was that money being held or deposited?

Mr. DAWSON. It was being held or deposited. I think, in the National City Bank.

The CHAIRMAN. Of New York?

Mr. DAWSON. Yes, sir.

The CHAIRMAN. How was that company agreed upon as the depository?

Mr. DAWSON. That was done at the request of the Dominican Government, as part of this *modus vivendi*.

The CHAIRMAN. They requested it?

Mr. DAWSON. I assume you have read the Foreign Relations of Santo Domingo of 1905. There is a very elaborate and complete exposition of this affair there, in Foreign Relations of 1905.

The CHAIRMAN. I have not read that nor have I been able to even get a copy of the convention as yet. The State Department agreed to furnish it to me, but they have not done it.

Mr. DAWSON. I should be very glad to do so: I can immediately get you a copy.

The CHAIRMAN. I would like to have it to-day, if you can furnish it.

Mr. DAWSON. I think the Foreign Relations of 1905 would be useful, and I will be glad to bring it to you.

The CHAIRMAN. Do you know who suggested the Morton Trust Co. as the depository?

Mr. DAWSON. I do not.

The CHAIRMAN. I will ask you if you know whether it was a part of Dr. Hollander's duties to represent the American creditors there?

Mr. DAWSON. Oh, no; not at all.

The CHAIRMAN. Was it a part of his duties to represent the French or Italian creditors?

Mr. DAWSON. No, sir. It was simply his duty, in the early stages of the thing, to find out about the debts.

The CHAIRMAN. Well, at any time that he was down there, either on his first trips or on his subsequent employment in 1906, was it not a part of his duty to represent these American creditors, or these other foreign creditors?

Mr. DAWSON. I should say that it was not a part of his official duties, but part of his moral duties, just the same as myself. I was minister of the United States, but, of course, I could decline to have anything to do with any of these matters, but if I wanted to help out that country naturally I would try to bring its Government and its creditors to an agreement. If I saw that misunderstandings could be corrected by having an impartial man come in and suggest a compromise between two warring interests, I would discreetly help. Now, Dr. Hollander's functions were largely of that kind between these different creditors. He knew more about the whole situation than anybody else, all about the claims of the Dominican Government on the one side and the claims of the creditors on the other side, and he was able to render very material service to the Dominican Government. But that was not a part of an official duty owed to that Government.

The committee thereupon adjourned.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE STATE DEPARTMENT,
Wednesday, May 24, 1911.

The subcommittee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF DR. JACOB H. HOLLANDER.

(The witness was sworn by the chairman.)

The CHAIRMAN. State your name.

Dr. HOLLANDER. Jacob H. Hollander.

The CHAIRMAN. Where do you reside?

Dr. HOLLANDER. Baltimore, Md.

The CHAIRMAN. Dr. Hollander, were you ever commissioned by this Government to perform any service for it in connection with the Dominican Government?

Dr. HOLLANDER. My connection with Dominican affairs, if you will allow me to answer that somewhat fully—

The CHAIRMAN. We want it made as concise as possible so as not to get in unimportant matters.

Dr. HOLLANDER. My connection dates back seven years, to 1904, when I was asked by the Dominican Government, through the State Department, to act as its financial adviser. Conditions were in such shape in Santo Domingo as to give no likelihood of a solution of its financial difficulties, and I did not accept. In 1905 the situation became so acute that a treaty was signed between the United States and Santo Domingo which encountered difficulties in the Senate, growing out of its unacquaintance with conditions there. The

President of the United States asked me to go to Santo Domingo in March, 1905, as his agent, to ascertain just what the conditions were and to report to him as to the advisability of sending a commission to make a full study and written report.

I went in the latter part of March, 1905, and returned in May, 1905, and made a verbal report to the President that the facts which had led to the treaty were, in my judgment, entirely the logical and necessary conditions, and that a full acquaintance with these facts would probably remove the opposition which had developed in the Senate. Instead of sending a commission the President instructed me to return and make a full and detailed written report. Before doing that I went to consult the foreign creditors in London, Paris, Rome, Hamburg, and Antwerp. Returning from there I went again to Santo Domingo and made a careful detailed study of the particulars of the debts; thereafter I submitted a report to the President, and on December 31, 1905, my connection with this service terminated and I had no further connection with Dominican affairs or with the United States until June, 1906, when I was invited to Washington to meet the Finance Minister of the Dominican Republic.

The CHAIRMAN. Invited by whom?

Dr. HOLLANDER. Invited by the Department of State. The minister of finance had been sent as a full representative of his Government to carry out, if possible, a modified plan of relations between the United States and the Dominican Republic. Up to that time it had been contemplated that the United States should both adjust the debts and administer the service of the refunding loan when such debt conversion had taken place; but it was now contemplated that the Dominican Government should itself readjust its debt, and, having done this, should come to the United States and ask for a treaty which should assure the customs revenues adequate for the service of the new refunding loan.

The CHAIRMAN. At what date were these transactions had that you are now speaking of?

Dr. HOLLANDER. On June 21, 1906, the conference with the Dominican representative and the representatives of the United States took place, at which I undertook——

The CHAIRMAN. Here in Washington?

Dr. HOLLANDER. Yes, sir; at the State Department. I was told what the situation was and I was introduced as a person who would advise the Dominican representative, whose acquaintance I had formed while in Santo Domingo——

The CHAIRMAN. Who stated that—who made that statement?

Dr. HOLLANDER. That I should act as——

The CHAIRMAN. You said you were introduced, or it was represented to this Dominican representative that you were a proper man to advise them in relation to the matter?

Dr. HOLLANDER. The Secretary of State.

The CHAIRMAN. Who was Secretary of State?

Dr. HOLLANDER. Mr. Root. I assumed that relation——

The CHAIRMAN. What relation?

Dr. HOLLANDER. Of adviser of the Dominican Republic and as one charged with the carrying out of this relationship, without any understanding as to compensation or as to my status.

The CHAIRMAN. With whom?

Dr. HOLLANDER. With anybody.

The CHAIRMAN. You say you undertook, with the Dominican Government, to represent them?

Dr. HOLLANDER. Mr. Chairman, there was no formal definition as to what my status was to be. It was a perfectly clear matter as to what the problem was; the problem was for the Dominican Government to adjust its debt in a way that the United States would find it possible to extend its cooperation in such a treaty.

The CHAIRMAN. I want to get this point cleared up. You stated a moment ago that Mr. Root, as Secretary of State, suggested to this Dominican representative that you would be a good man to represent them and aid them in adjusting their affairs—that is correct, is it?

Dr. HOLLANDER. Yes.

The CHAIRMAN. And then you said you had assumed——

Dr. HOLLANDER. No; I did not mean “assumed” in the sense you mean. I mean I began——

The CHAIRMAN. You undertook that service for the Dominican Government immediately? At that time you agreed to do it, is that it?

Dr. HOLLANDER. Hardly in the sense that it was specifically for the Dominican Government; I undertook the service, leaving the definition as to whom it was for undefined.

The CHAIRMAN. Well, whom did you think you were going to serve at that time?

Dr. HOLLANDER. Both parties. You see, Mr. Chairman, there was no antagonism between the two, and I think I can make that perfectly clear. The United States and the Dominican Republic were jointly interested in this matter as against the creditors and the bankers. The parties in opposition were not the United States and the Dominican Republic. The Dominican Government was negotiating a settlement with its creditors, and was driving as hard a bargain as it could with the bankers. The United States was a party friendly to the Dominican Republic and was desirous of aiding it in effecting as favorable terms as possible and in also exercising as much influence as it could that no such settlement should be effected which would preclude a treaty being negotiated between the two countries. But as between the Dominican Republic and the United States there was no issue whatever.

The CHAIRMAN. There were a great many American creditors, were there not?

Dr. HOLLANDER. There were some.

The CHAIRMAN. Outside of these bankers?

Dr. HOLLANDER. The bankers were not creditors at all; the creditors were bondholders and claimants. The bankers were involved in that the Dominican Government proposed to float a new loan, the proceeds of which should be used in discharging the old debt, after it had been drastically scaled down. Accordingly the work resolved itself into, first, effecting a settlement with the creditors, both foreign and domestic, in the course of which a debt of some thirty millions was adjusted on the basis of something less than seventeen millions, and, second, effecting a loan contract with bankers whereby a new loan was to be purchased, the proceeds to be applied in the discharging of such adjusted debts.

The CHAIRMAN. What were your obligations to this Government? What were your duties down there so far as domestic creditors were concerned?

Dr. HOLLANDER. The domestic creditors were to be treated as every other creditor.

The CHAIRMAN. You do not directly answer my question. Were you charged with any special duties toward looking after the collection of the indebtedness which citizens of our Government held against the Dominican Government?

Dr. HOLLANDER. None whatever. The policy which the United States took was that it was morally committed to an attitude of perfect equity as between the Republic and all of its creditors, and that we should not endeavor to secure preferential treatment for American creditors regardless of their rights, but that all debts should be investigated, and a plan of adjustment made by the Dominican Republic which would treat all upon the basis of their real equity. When I had undertaken this work, from June, 1906, to January, 1907—

The CHAIRMAN. Now, before you leave that point I want to ask you this question: You say this conference at the State Department was in—

Dr. HOLLANDER. June 21, 1906.

The CHAIRMAN. Then did you leave for the Dominican Republic immediately?

Dr. HOLLANDER. I never went to the Dominican Republic in this connection.

The CHAIRMAN. You remained in Washington?

Dr. HOLLANDER. No; I was more or less like Mohammed's coffin, suspended between Washington and New York. The first work to be undertaken was to effect a conditional bankers' contract.

The CHAIRMAN. You say, then, you remained here gravitating or circulating between Washington and New York.

Dr. HOLLANDER. Yes.

The CHAIRMAN. What was the necessity of your going to New York?

Dr. HOLLANDER. Because there is where the bankers were located. You see, the first thing to be done was to ascertain whether this plan of a refunding loan, conditioned upon a debt settlement, was practicable.

The CHAIRMAN. Where did you ascertain that this debt could be settled, could be scaled down to \$17,000,000?

Dr. HOLLANDER. That was the second stage in the matter. The order in which the service proceeded was, first, to find whether you could have the money, and by the end of September conditional contracts had been made with a great international banking house, and with a very substantial financial institution as fiscal agent of the loan, all conditioned upon a favorable settlement being secured with the creditors and upon a treaty being negotiated. Then I took the first steamer to London, thence to Paris, thence to Antwerp and Hamburg, and secured with a great deal of trouble the assent of the creditors, who were represented by protective committees, to a settlement of the outstanding debts at rates which seemed to be exceedingly advantageous to the Republic. I omitted to state that the contract with the bankers provided for a loan of \$20,000,000 at 96, which, in

the opinion, I think, of all financial experts was deemed an extraordinarily favorable arrangement. I think there is still surprise, and some disgust, felt in financial circles that anyone should have ever been willing to give as high a price as that.

The CHAIRMAN. You speak of this trip to Europe. Did you make more than one trip to Europe?

Dr. HOLLANDER. I made two. The first trip of investigation was made in June–July, 1905, while I was the representative of the President to ascertain the location of the foreign debt; that was in the summer of 1905, and the results of that were embodied in my report, which I presume the committee has before it.

The CHAIRMAN. We have never been able to get hold of it.

Dr. HOLLANDER. It is the only thing I have ever written that has obtained any commercial value. I believe the edition is limited.

(Dr. Hollander subsequently supplied the committee with a copy of this report.)

The CHAIRMAN. At whose solicitation did you make this second trip over there, and in whose interest?

Dr. HOLLANDER. I think the same exact condition applies to that as applies to the other things. It was perfectly obvious that we were blocked unless we could secure the assent of the creditors.

The CHAIRMAN. But at whose suggestion did you make the second trip?

Dr. HOLLANDER. Both with the understanding of the Dominican representative——

The CHAIRMAN. I am not asking about the understanding, but at whose suggestion did you make this second trip? You made the first trip at the suggestion of the President?

Dr. HOLLANDER. Do you mean by "suggestion" with whom it originated?

The CHAIRMAN. Who directed you to go? Put it that way.

Dr. HOLLANDER. There was no direction. My procedure in all these matters was for me to propose what I thought was the proper procedure and request the authorities involved to approve such a course.

The CHAIRMAN. And who approved that course?

Dr. HOLLANDER. Both the Dominican representative and the State Department.

The CHAIRMAN. Did you have any memorandum in writing between you and the Dominican Government evidencing any agreement or contract?

Dr. HOLLANDER. No; neither between me and the Dominican Government nor between me and the United States. The character of the service throughout required that it should not be reduced to any formal instruction: the negotiations, especially with creditors, were of extreme delicacy; the claims of the creditors were supported by the foreign governments involved, and they were secured, in most cases, by international protocols, and the danger of foreign involvement was very real. The attitude of the United States was that it must lend its good offices to the extent possible, but that it was not the power driving forward such settlements.

The CHAIRMAN. Now, after you made the second trip to Europe, where did you go?

Dr. HOLLANDER. I returned then with the acceptances of the creditors to an exceedingly favorable settlement.

The CHAIRMAN. Returned where?

Dr. HOLLANDER. Again to the Washington and New York circuit.

The CHAIRMAN. To whom did you report?

Dr. HOLLANDER. I made a verbal report both to the State Department and to the Dominican representative.

The CHAIRMAN. The Dominican representative here in Washington?

Dr. HOLLANDER. No. This, I think, will enlighten the committee. From the beginning of the negotiations the Dominican Government had constituted its minister of finance a full and complete plenipotentiary for the transaction of this entire business. At first such an arrangement required the legislative approval of the contracts by the Dominican Congress. That led, as I hope to make clear when I continue the narrative, to the defeat of the first project; thereafter the Dominican congress passed a full enabling act constituting this minister of finance a final plenipotentiary without the necessity of re-submitting his plans to the congress. He was a man of really notable parts. I sometimes think that if nothing else had come out of the Dominican matter but the demonstration that a Latin-American country can really evolve a man of first-rate ability it would have been worth while.

The CHAIRMAN. That is entertaining, but it is away from the point. You say you reported to the State Department and the Dominican representative?

Dr. HOLLANDER. Yes.

The CHAIRMAN. Give us the name of that representative.

Dr. HOLLANDER. Señor Don Federico Valazquez, minister of finance.

The CHAIRMAN. Was he in Washington when you returned from Europe?

Dr. HOLLANDER. No.

The CHAIRMAN. You said you made a verbal report. How did you make a verbal report to the Dominican representative if he was not in Washington at that time?

Dr. HOLLANDER. I did not mean to imply that I made a verbal report to Señor Valazquez, who was then in Santo Domingo, effecting settlements with the Dominican creditors. I communicated informally with Señor Valazquez as to the success of my mission. Such formal report as I made was in the nature of depositing the written acceptances of the foreign creditors with the financial agents of the Republic, the Morton Trust Co., which had been, under one of these financial contracts, constituted the Republic's depository—that is to say, the creditors by their agreement with me were to deposit their old securities with the Morton Trust Co. and receive payment in accordance with the plan of adjustment from out the new funds that were to be realized by the new loan. When I went to Europe Señor Valazquez went to Santo Domingo in order to effect similar settlements with the domestic creditors that I was effecting with the foreign creditors, because the debt was not exclusively a foreign debt, but was very considerably a domestic debt, and in this country—in

New York—the negotiations were proceeding with the American creditors through the fiscal agent of the Republic.

The CHAIRMAN. Now, you said you conferred with parties in New York who were interested in these securities before you went over to Europe?

Dr. HOLLANDER. I did not mean to make such a statement.

The CHAIRMAN. Did you not state awhile ago that you conferred with interested parties in New York?

Dr. HOLLANDER. Not with persons holding securities; I conferred with bankers who were interested in the possibility of taking a new loan.

The CHAIRMAN. Well, now, with whom did you confer?

Dr. HOLLANDER. With Kuhn, Loeb & Co., with William Salomon & Co., with whom Speyer & Co. were regarded as associated in this matter, and with J. P. Morgan & Co.

The CHAIRMAN. Now, then, did they all become interested in these new loans?

Dr. HOLLANDER. Kuhn, Loeb & Co. were the only ones that evinced an interest in what might be called a contingent contract. Speyer & Co. afterwards claimed they had not been fairly treated in the matter and that I had overlooked them; but in the main, Kuhn, Loeb & Co. were the ones most interested, and I know this has rather an unusual sound, but they were genuinely interested as to the possibility of carrying out a policy which they believed was the solution of the difficult relations of this country to the South American Republics.

The CHAIRMAN. At that time were there not some old outstanding obligations against that Government down there, in the shape of bonds?

Dr. HOLLANDER. Oh, very many.

The CHAIRMAN. Amounting to about \$20,000,000, I mean, in the nature of bonds?

Dr. HOLLANDER. Yes; there were. The foreign claims, those with which I had to deal, were almost exclusively bonds. There were, in the aggregate, perhaps \$20,000,000 of bonds.

The CHAIRMAN. And where were they principally held?

Dr. HOLLANDER. The great blocks of them were centered in the control of protective committees in London, Paris, and Antwerp, in each of which cities there is an association for the protection of foreign bondholders, as it is called.

The CHAIRMAN. Then, practically none of those securities were held by any of the bankers of New York?

Dr. HOLLANDER. Not by the bankers with whom the contract was made. That was a vital condition of my plan in connection with the matter, that the transaction must be perfectly transparent and simple, and that it was best not to have dealings with any bankers who were already interested in the old bonds. At the very beginning a proposition was submitted in the nature of what might be called a creditors' plan—that is to say, where the creditors had come together and agreed to turn in the old bonds in return for new ones. After investigation, that plan was turned down by me as a costly and altogether not an obvious transaction. What really took place was that the bankers who offered to buy the new loan were not interested one penny and have religiously kept themselves free from any interest in the old bonds.

The CHAIRMAN. The point I am getting at is whether or not the bankers in New York did not hold these old securities?

Dr. HOLLANDER. None whatever; that is, the bankers who took the loan did not.

The CHAIRMAN. Did any New York banker hold any of these old bonds?

Dr. HOLLANDER. There was some report that some of the bankers had been picking up some of these bonds abroad, but to what extent was never known.

The CHAIRMAN. Was it not necessary for you to ascertain who were the holders of those bonds in order to find out on what basis you could effect a settlement?

Dr. HOLLANDER. No; for this reason, that the protective committees held not merely protective powers over the bonds, but full powers of attorney.

The CHAIRMAN. And where were these protective committees located—altogether in Europe?

Dr. HOLLANDER. Altogether in Europe; the council of foreign bondholders in London, a similar association in Paris, and a corresponding body in Antwerp.

The CHAIRMAN. Did you try to effect a reloan or refund of this debt through the bankers of Europe, to get them to take it instead of the New York bankers? Did you attempt to do that?

Dr. HOLLANDER. The bankers of New York with whom one has transactions in such cases——

The CHAIRMAN. Kindly answer my question first. Did you attempt to refund the debt through the bankers of Europe instead of the bankers of New York?

Dr. HOLLANDER. No; and for a reason which I think will perfectly satisfy you.

The CHAIRMAN. Your purpose then was to get the American bankers to float a new loan with which these old securities could be paid off in Europe?

Dr. HOLLANDER. Yes; except that I was not the least concerned whether they were American or Kamchatkars. I was concerned in getting a loan on the most favorable terms possible. Now, if I approached any foreign bankers——

The CHAIRMAN. Did you attempt to get this loan placed anywhere else than in New York?

Dr. HOLLANDER. No; for the reason——

The CHAIRMAN. Then, if you were interested in getting them placed at the lowest possible rates why did you not try some other place?

Dr. HOLLANDER. For the reason that I think anyone acquainted with financial banking operations would know, Mr. Chairman, that a foreign banker would smile in derision at a proposition to take an American loan which his close American representative in New York had not suggested to him. There are no such things as New York bankers in a domestic sense; there are great international houses. Speyer & Co., for example, are Speyer, Ellerson & Co., of Frankfort, and Speyer & Co., of London; Morgan & Co. are Morgan, Harjes & Co., of Paris, and Morgan, Grenfell & Co., of London. When one speaks of consulting New York bankers you really mean you are approaching international banking houses through the New York end.

The CHAIRMAN. Do you know whether this syndicate at New York or this combination of bankers at New York had anything to do with your selection as representative?

Mr. HOLLANDER. Oh, I am absolutely sure they had not.

The CHAIRMAN. What makes you sure about that?

Dr. HOLLANDER. Because they did not know they were going to be involved and because the chain of events which led to my selection is perfectly clear. I was the first treasurer of Porto Rico and had organized the revenue system of that island; some knowledge of the results of that organization had drifted across to Santo Domingo, and had led, as far back as 1904, to my services being sought.

The CHAIRMAN. Did you use some of these banks as depositories for Porto Rico?

Dr. HOLLANDER. No, sir; I refused to do so and used the United States Treasury Department. On one occasion a draft of \$250,000 was sent down to me with the request that I should deposit it with the local bank, but inasmuch as I deemed it had already as much as was safe, I reindorsed it and sent it back to the subtreasury of the United States, which caused some comment at the time.

The CHAIRMAN. After you returned from Europe and made your report to the Secretary of State and to the representative of the Dominican Government, and also met this syndicate of bankers at New York, did you then go back to Santo Domingo?

Dr. HOLLANDER. No. Then, you see, there was nothing in Santo Domingo to be done. Then the United States said, "Now, Santo Domingo has done its part in the matter; it has effected a conditional settlement and we will go ahead and negotiate a treaty with Santo Domingo setting forth that the Dominican Government has effected a settlement of its debts conditional upon the United States lending its aid to insure the service of a refunding loan."

The CHAIRMAN. What do you mean by insuring the service of a refunding loan?

Dr. HOLLANDER. The treaty provided that a person designated by the President of the United States should receive the customs revenues of the Republic and out of such revenues should remit to the fiscal agent in New York, which was by the contract that had been made, the Morton Trust Co., the sum of \$100,000 a month, which meant 5 per cent interest on \$20,000,000 and 1 per cent sinking fund, and out of this \$1,000,000 the interest on the bonds should be paid. Now, that treaty was drafted——

The CHAIRMAN. Let me ask you right there: The effect of that, then, was to virtually put the United States Government behind these bonds?

Dr. HOLLANDER. If it had done that formally it would have meant a very different thing in the price of the bonds.

The CHAIRMAN. Let me ask you: You say you secured a contract whereby these bonds were taken at what?

Dr. HOLLANDER. At 96, redeemable after 10 years at 102½.

The CHAIRMAN. And immediately after this treaty was entered into, whereby the arrangement was made that you have just outlined, virtually placing the United States Government behind these bonds, do you know what the bonds were worth?

Dr. HOLLANDER. Oh, you see the bonds were not to be emitted until after the treaty had been ratified.

The CHAIRMAN. I am speaking of that. When this treaty was ratified which placed this Government virtually behind these bonds, do you know what they were worth immediately?

Dr. HOLLANDER. As a matter of fact these bonds were never emitted in this way.

The CHAIRMAN. Do you know what they were worth immediately after this treaty was ratified?

Dr. HOLLANDER. If anyone had wished to speculate in something that was not emitted at that time and never was emitted——

The CHAIRMAN. You had an agreement, though?

Dr. HOLLANDER. Contingent upon the treaty being ratified and upon the bankers' contracts being approved in Santo Domingo, which latter contingency never took place.

The CHAIRMAN. You are talking about one time and I another; you are talking about the time that the first treaty failed?

Dr. HOLLANDER. I am talking about the time just before the second treaty was drafted.

The CHAIRMAN. Then, there was an agreement entered into whereby these bankers were to take these bonds at 96?

Dr. HOLLANDER. Before the second treaty was drafted.

The CHAIRMAN. Now, let us understand it. The arrangement was that this treaty should be made, and, if ratified by the Senate, then this Government should take charge of the customs receipts and deposit \$100,000 per month with the Morton Trust Co. of New York for the purpose of paying the interest on these bonds?

Dr. HOLLANDER. Precisely.

The CHAIRMAN. And establish a sinking fund to ultimately meet the bonds?

Dr. HOLLANDER. Precisely.

The CHAIRMAN. Now, your agreement was that they were to have these bonds at 96, as I understand it, and my question is, Immediately upon the ratification of that treaty, which committed this Government to the collection and preservation of this revenue, what were those bonds worth?

Dr. HOLLANDER. You have omitted one thing, Mr. Chairman, naturally enough, because you do not know the details. The bonds that were to be issued not only provided that the United States should ratify the treaty, but also provided that Santo Domingo should ratify the treaty and also ratify the bankers' contracts, which last it did not, for some months, do, and when it finally did do it the panic of 1907 had broken loose and the bankers were unwilling to proceed and would not take the bonds; so they never were issued in that way.

The CHAIRMAN. They were finally issued, were they not?

Dr. HOLLANDER. They were issued finally. When it became evident that the bankers would not take the bonds at any price, after the panic of 1907, we were then driven to a new plan, which was a conversion plan. The old creditors, instead of taking cash, took the new bonds at 98½. So that the Dominican Government, instead of paying the penalty for its delay in ratifying the contract and getting very much less, actually came out of the transaction better than if it had sold the bonds. The new bonds, which were created in accordance with the treaty, passed by conversion into the possession of the old creditors on the basis of 98½; not for the par value of the old, but on the basis of the adjusted value, so that if a man was to

have received \$100 in cash in settlement of \$200 of old debt he now received his \$100 in the new bonds on the basis of 98½, which would give him a little more, so that of that twenty millions only thirteen millions and a half were actually absorbed, the other six millions and a half remaining, and are substantially to this day in the possession of the fiscal agent, subject to the Dominican Government. Now I can answer your question categorically as to the price of these bonds, if you desire.

The CHAIRMAN. Right there I want to ask you this question: Then, these New York bankers got none of these bonds?

Dr. HOLLANDER. None whatever.

The CHAIRMAN. They are held in Europe, are they?

Dr. HOLLANDER. They were also received and accepted by the American creditors. I made a misstatement a few moments ago. The settlement was not in full payment by bonds; it was 20 per cent in cash and 80 per cent in bonds. There was enough cash to the credit of the Dominican Republic from the customs collections to make possible such a settlement. So that a creditor who was to receive on the adjusted basis \$100 received \$20 in cash and the other \$80 in the form of new bonds at 98½.

The CHAIRMAN. Did you have a list of the American creditors?

Dr. HOLLANDER. Oh, yes.

The CHAIRMAN. Who furnished you that list?

Dr. HOLLANDER. They had made their presence very much felt in pressing their claims at the State Department and through the Dominican Government, and there had been matters all along—

The CHAIRMAN. You say you had a list of them? Who made that list? Did you make the list or was the list furnished to you by some one?

Dr. HOLLANDER. It was furnished to me. It was a list which I had derived from the Department of State. There were, perhaps, not more than a half dozen American creditors, but they were important creditors whose claims had been the subject of very much diplomatic discussion.

The CHAIRMAN. Do you know a man by the name of Smith Weed?

Dr. HOLLANDER. He was identified with the Santo Domingo Improvement Co., which was the principal claimant, holding bonds and other claims, properties, railroads, and so on; their aggregate claims had been adjusted at nearly \$5,000,000, which the Dominican Government subsequently scaled down to 90 per cent, to the very bitter resentment of that company.

The CHAIRMAN. This Santo Domingo Improvement Co. was an American corporation?

Dr. HOLLANDER. Yes.

The CHAIRMAN. Where was it incorporated—New Jersey or New York?

Dr. HOLLANDER. I think, in New Jersey. The full history of this is set forth in my report.

The CHAIRMAN. You paid them 98 per cent?

Dr. HOLLANDER. Ninety per cent of their claim. The history of the Santo Domingo Improvement Co. is a long, involved, and complicated matter which I am perfectly willing to go into, because it is set forth in great detail in my report, but I want to inform the chairman as to what it will lead to.

The CHAIRMAN. We do not care to go into it right now. Did you settle with all other American creditors on the basis of 90 per cent?

Dr. HOLLANDER. No; it depended entirely upon the quality of their claims: in some cases it was only 50 per cent; I think that is so in regard to the Sala claim. Perhaps there were not very many American claims—

The CHAIRMAN. What per cent of the face value of the domestic claims of the Dominican Government did you pay?

Dr. HOLLANDER. We put in the knife deeply there; we cut many of them down to 10 per cent. They were mostly in the shape of evidences of indebtedness.

The CHAIRMAN. You spoke of "we" putting in the knife; to whom do you refer?

Dr. HOLLANDER. The Dominican Government drew up a plan of settlement which, as far as the foreign creditors were concerned, required the assent of the creditors, because they had their Governments to back them, but as far as the domestic creditors were concerned the Dominican Government exercised its sovereign power and said: "These we are prepared to adjust on such and such a basis." By virtue of its financial embarrassment the Dominican Government found it necessary to scale down the foreign debts, and it felt that it should take the same kind of medicine with respect to its own domestic obligations, which it did.

The CHAIRMAN. About what period of the year did these events occur which you are now detailing?

Dr. HOLLANDER. The end of 1906 witnessed the completion of these things. You will remember my services began in June, 1906, and these negotiations had stretched through the summer, and by the end of 1906 we were able to say: "Now, everything is settled, subject to a treaty."

The CHAIRMAN. Then, what did you do in 1907?

Dr. HOLLANDER. Then, on February 8, 1907, the treaty was ratified by the United States: on May 3 it was ratified by Santo Domingo; then the only thing lacking was a ratification of the contracts in Santo Domingo, and that, as I said, was long drawn out, and through the unfamiliarity of the Dominican Congress with the legal phraseology of the bankers' contracts, for many of them were almost books, amendments were stuck in and delay was involved, and finally, when they came with the contracts ratified by the Dominican Congress, as I say, the panic of 1907 was at hand and the bankers said: "Our time has expired." They had written in their contracts a time—April 1, 1907—which, under ordinary circumstances, they would have doubtless waived, but now they said: "We can not go ahead with the transaction."

The CHAIRMAN. Were you down there then?

Dr. HOLLANDER. No.

The CHAIRMAN. You remained here?

Dr. HOLLANDER. Yes.

The CHAIRMAN. What services did you render during the year 1907 to this Government?

Dr. HOLLANDER. Well, up to January 16, 1907, there had been no understanding of any kind as to my compensation.

The CHAIRMAN. Up to what date now?

Dr. HOLLANDER. January 16, 1907.

The CHAIRMAN. An understanding with what Government?

Dr. HOLLANDER. With either of the parties or anybody.

The CHAIRMAN. With the Government, you mean?

Dr. HOLLANDER. Yes. From June to January, 1907, I had received no compensation.

The CHAIRMAN. Well, now, go on and tell us what happened in January.

Dr. HOLLANDER. Now, then, the question came up, through my own initiative, as to what was to be my compensation, and it was agreed with the department that I should receive a compensation——

The CHAIRMAN. What department?

Dr. HOLLANDER. With the State Department.

The CHAIRMAN. And with whom did you talk?

Dr. HOLLANDER. With Mr. Bacon.

The CHAIRMAN. And what position did he occupy?

Dr. HOLLANDER. He was Assistant Secretary of State.

The CHAIRMAN. Well, go on.

Dr. HOLLANDER. And the result of that conference was that I should receive a compensation, dating from the beginning of my service, from the United States of \$1,000 a month, and that upon the successful completion of the work, if the Dominican Government so desired, it would be proper for me to receive from it a further payment such as it might desire to make, in appreciation of what I might have been able to do.

The CHAIRMAN. Now, was that a verbal agreement or was it evidenced by writing?

Dr. HOLLANDER. It was verbal. There never was any written agreement relating to my connection, beginning in June, 1906, with the entire matter on the part of either Government from first to last; I was never appointed in writing and I received no written instructions. It was essential to the successful conduct of the work that the matter should be carried on in that way.

At times I was the agent of the State Department and the next day I was the financial agent of the Dominican Republic; when I was effecting settlement with a creditor I was the financial agent of the Dominican Republic; when I was endeavoring to communicate the desires of the State Department to the Dominican representative I was the agent of the United States.

The CHAIRMAN. And, of course, the Dominican Government knew you were representing the United States Government one day and the other Government the next day—they knew that, did they?

Dr. HOLLANDER. They certainly knew that I was acting for them——

The CHAIRMAN. Did they know you were representing the United States Government?

Dr. HOLLANDER. I feel quite sure in my own mind that they knew that.

The CHAIRMAN. Did you tell them that you were?

Dr. HOLLANDER. I never said to them, "I am representing the United States," but everything I did partook of that character. I accompanied the representative of the Dominican Republic to the department, and I was the mouthpiece and the only one through whom the Dominican representative received any intimation as to

the policy of the United States. I was the sole channel of communication.

The CHAIRMAN. Now, getting back a little bit; at the time you were introduced to their financial representative, Mr. Velazquez, did you lead him to believe that you would represent his Government in this whole transaction?

Dr. HOLLANDER. I never led him to believe it.

The CHAIRMAN. Did you say anything to lead him to believe it?

Dr. HOLLANDER. No, I think not; it was unnecessary.

The CHAIRMAN. Do you think he left that conference with the understanding that you were to represent his Government?

Dr. HOLLANDER. Oh, absolutely, Mr. Chairman, because in all of these subsequent negotiations, in the bankers negotiations, for example, I acted completely for him.

The CHAIRMAN. Did Mr. Root understand you were to represent the Dominican Government in these matters?

Dr. HOLLANDER. During this period, Mr. Root——

The CHAIRMAN. Answer that, please; at that time?

Dr. HOLLANDER. I think so.

The CHAIRMAN. Did you ever receive a letter from Mr. Root criticizing you for representing the Dominican Government or receiving compensation from the Dominican Government?

Dr. HOLLANDER. Never.

The CHAIRMAN. You never did?

Dr. HOLLANDER. Never.

The CHAIRMAN. How much money did you receive from the Dominican Government as a fee?

Dr. HOLLANDER. Do you wish me to answer that categorically? One hundred thousand dollars—\$25,000 in cash and \$75,000 in bonds.

The CHAIRMAN. And that was paid to you where?

Dr. HOLLANDER. The financial agent of the Republic, the Morton Trust Co., sent it to me at Baltimore.

The CHAIRMAN. Now, that was irregularly paid, was it not?

Dr. HOLLANDER. It was not.

The CHAIRMAN. Did you first have that in the shape of an order from the Dominican Government?

Dr. HOLLANDER. These are the circumstances——

The CHAIRMAN. I want to get at it categorically. Did that come in the shape of an order from the Dominican Government?

Dr. HOLLANDER. It did.

The CHAIRMAN. Was not the proper procedure for you to have that order viséed in the State Department and registered in the Insular Bureau of the War Department?

Dr. HOLLANDER. No, sir. There were two kinds of payments provided for out of the Dominican funds; the one was for expenses and disbursements, the warrant for which was a general order upon the Morton Trust Co. to pay the expenses incident to the transactions, approved by me. The purpose of that was to avoid the necessity of a registration of every detailed expense payment and also to absolve the United States from the responsibility of passing upon every such specific expense disbursement. The other course, as in the case of disbursements in adjustment of debts, was for such orders to be sent first to the State Department to be examined by it and then when approved by it to be registered in the Bureau of Insular

Affairs, after which they issued a valid draft. When the question of my compensation came up the Dominican representative, in conference with the legal counsel of the Republic, intimated its desire to make this payment, and the question was raised: Shall it be in the form of an expense disbursement or shall it be in the form of a registered order.

It was quite obvious that this was a matter of such importance that it should be submitted to the State Department. It must have been, in any event, because as an expense account it would have to be approved by me, and I could not approve my own disbursements; therefore, in order to provide for both contingencies, the Dominican representative executed an order and the legal counsel of the Dominican Government sent that to me so that I might submit it to the State Department, with a view to having them determine which of the two courses should be adopted; whether this payment should be made under the authority of the expense order, so-called, Order No. 32, or whether it should be paid after registration in the Bureau of Insular Affairs. The same procedure was followed in the case of the order providing for the payment of the legal counsel of the Republic. These orders were made on December 11, 1908, and I submitted the facts as to both—the amount and the purpose, and the manner of payment—to the State Department on December 15, 1908.

The CHAIRMAN. To whom?

Dr. HOLLANDER. To Mr. Bacon, who was in charge of this and had been throughout, owing to Mr. Root's involvement in matters of graver concern, and because of his intimacy with Latin-American affairs. The plan agreed upon was that such payments should be made as expense disbursements under the general order No. 32. Accordingly the payments were made, these suborders being filed as substitutes, for the approval of which, of course, I could not give of my own account. Subsequently, when the account of the Morton Trust Co. was rendered—because, of course, at the end of each month the Morton Trust Co. rendered an account of all disbursements made—the Bureau of Insular Affairs brought the matter to the attention of the State Department, and it was then determined that the language of the general-expense order was not sufficient to cover such disbursements, although——

The CHAIRMAN. Let me ask you right there: Were you aware of the fact that the State Department claimed they knew nothing of the existence of that order until it was returned to the Bureau of Insular Affairs after payment, and that it was regarded as so unusual and the amount so unusual, and so forth, that it was then called to the attention of the Secretary of State, Mr. Root, and then an investigation instituted?

Dr. HOLLANDER. I am here to state the facts of the case, Mr. Chairman, and the facts are as I have stated them. When the Bureau of Insular Affairs called the matter to the attention of the State Department, on January 14, 1909, I was a few days later summoned to the department, on January 16, 1909, and it was explained to me that the mode of procedure, both with respect to my compensation and the compensation of the counsel of the Republic, was to be altered.

No dissatisfaction, no criticism whatever was expressed as to the amount or as to its propriety; the only thing discussed—then and in

a subsequent conference on January 19, 1909—was that this order should be registered in the manner which had been pursued with the settlement accounts, and that in connection with such registration the Dominican representative should file a memorandum in specific terms expressing the formal knowledge of the Dominican Government. A copy of this memorandum was delivered to me and was transmitted by the counsel of the Republic to the Dominican representative then in Santo Domingo. After a reasonable time he communicated, in substantially the same terms, what was desired, but owing to certain technical difficulties of language, and so on, he did not sign that specific memorandum. There the matter rested from March 13, 1909, until November 13, 1909, when it was brought to my attention that this matter was still open.

During that time I had received no further intimation whatever about it. I took up the matter at once. The conference was held with the minister of the Dominican Republic, and he stated that the question involved was not as to the propriety or size of the payment, but to the inability of the Dominican representative to sign the specific language of the memorandum which the United States Government desired. A new memorandum embodying quite as fully the assurances which the department desired was then communicated to the Dominican representative, and it was signed and transmitted, and similar assurances were given by the diplomatic representative of the Dominican Republic here in Washington, also in writing, whereupon the Department of State ordered the formal registration of the order.

The CHAIRMAN. Did you know that the Dominican Government stated at that time to the State Department that at the time this order was issued to pay you the \$100,000 that they did not know that you were in the employ of the United States Government?

Dr. HOLLANDER. Yes, Mr. Chairman; I know that such a statement was subsequently made.

The CHAIRMAN. Then you had never informed the Dominican Government that you were in the employment of the United States Government?

Dr. HOLLANDER. I had never informed them in categorical terms any more than I informed anybody in categorical terms, but I had every reason to suppose it, and if you will allow me to set forth the facts, you will understand my state of mind. From June 21, 1906, to December 11, 1908, when the Dominican Government had made out this order, I had received no compensation whatever from the Dominican Government. I had in that time made expensive journeys to London and to Paris.

The CHAIRMAN. At the solicitation of the Dominican Government?

Dr. HOLLANDER. At the solicitation of the Dominican Government.

The CHAIRMAN. What trip was that?

Dr. HOLLANDER. The one I refer to.

The CHAIRMAN. I understood you to say you went at the solicitation of the State Department of the United States?

Dr. HOLLANDER. There was never the sharp antagonism which that question might indicate.

The CHAIRMAN. Right there, do you swear that the Dominican Government asked you to go to Europe in behalf of their Government to look after these matters?

Dr. HOLLANDER. Why, certainly, Mr. Chairman, for whom else was it—for whom else was it? The United States was not in the least bit interested in the way of securing the consent of the creditors.

The CHAIRMAN. Which one of the trips do you refer to?

Dr. HOLLANDER. The second one, and the difficulty is that the two periods are confused in the minds of the committee. From March, 1905, to December, 1905, constituted one service; after that may connection absolutely terminated until I was called in again in June, 1906. During the first service there is no question of the involvement of the Dominican Government; it is exclusively the United States that is involved; but from June, 1906, to December, 1908, and thereafter—because I am still acting in that capacity—I was rendering a service, the success of which was absolutely dependent upon the withholding of any specific definition as to whom I was acting for, but as to which, from January, 1907, I had a clear understanding that my compensation should be in the nature of a payment from the United States, together with such payment as the Dominican Republic saw fit to make, if the matter was successfully concluded. At the virtual conclusion the Dominican Government made a tender of payment, but before accepting it I submitted the fact, the amount, and the manner of payment to the State Department, and it was approved precisely in the manner in which every transaction I had with the United States had been approved.

The CHAIRMAN. Did you say you went there at the solicitation of the Dominican Government, and if so, have you anything in writing to that effect?

Dr. HOLLANDER. I have not

The CHAIRMAN. A letter of request, or anything of that kind, from that Government?

Dr. HOLLANDER. None whatever; nor have I any writing from the Dominican Government or from the United States Government.

The CHAIRMAN. How was that desire on their part indicated to you?

Dr. HOLLANDER. In a conference in Washington with the Dominican representative.

The CHAIRMAN. What I am trying to get at is whether after that time you represented the Dominican Government?

Dr. HOLLANDER. After which time?

The CHAIRMAN. After the time they requested you to go to Europe?

Dr. HOLLANDER. In no different sense than I had represented them before.

The CHAIRMAN. What service did you render to the United States Government after that time?

Dr. HOLLANDER. Mr. Chairman, the United States was interested in seeing that this entire transaction should be of the kind that would bear scrutiny in every particular. If, for example, a settlement had been effected with the creditors of a kind which would have permitted it to be said that worthless bonds were paid with good bonds, the United States never would have entered into such a treaty. The Dominican Government might not have cared, for example, on what basis it effected a settlement. It was the moral obligation of the United States to see to it that the foreign creditors were paid not what the Dominican Government wanted to pay them nor would be

willing to pay them, but what they were really worth. That was the kind of influence and the kind of concern which the United States had in this transaction from the beginning to the end. It was concerned to see to it that the Dominican Government drove a sharp bargain with the bankers and got 96, and not what Cuba got, 88 or 89.

The CHAIRMAN. I understood you to say awhile ago, on this particular point, that you did not go at the solicitation of the United States Government, because this Government had no concern whatever, but that you went at the solicitation of the Dominican Government?

Dr. HOLLANDER. If I said that I think I failed to express myself properly, Mr. Chairman.

The CHAIRMAN. I want to call your attention to this statement and see what you have to say about it. The State Department, in connection with the matter—and it is a part of the public hearings—made this statement in regard to this payment of \$100,000 to you:

When the payment was reported to the War Department the item attracted attention as unusual, and was brought to the attention of Secretary Root. The matter was immediately made the subject of investigation by the Department of State and a series of communications were addressed to Dr. Hollander and the Dominican Government. This investigation and inquiry lasted from March, 1909, until January, 1910.

Now, if that be true, Doctor, it seems the Department of State was not informed, as you say they were, early in the game and at the time this order was received by you from the Dominican Government to be paid \$100,000.

Dr. HOLLANDER. There is nothing inconsistent, Mr. Chairman, in that statement in anywise with the facts as I have set them before you, except that it fails to explain the attendant circumstances.

The CHAIRMAN. If you reported to the State Department all the facts and they knew you were receiving compensation from the Dominican Government when your canceled voucher was returned to the War Department, what would be the necessity for it occasioning surprise as being unusual—that is, if they knew all about it?

Dr. HOLLANDER. The War Department, of course, received the account from the Morton Trust Co.; this payment was appended as a voucher for a disbursement under the general expense order, and they raised the question as to the adequacy of the expense order to cover such a disbursement.

The CHAIRMAN. That is, the War Department?

Dr. HOLLANDER. The Bureau of Insular Affairs.

The CHAIRMAN. I am speaking about the State Department. If they knew all about it, why did they conduct an investigation for nearly a year?

Dr. HOLLANDER. Then the War Department communicated that immediately and raised the question of the inadequacy of the expense order to cover such a payment, and it was agreed in the State Department that in lieu thereof both my order and that of the Republic's legal counsel should be registered. The order providing for payment of counsel's fee was registered forthwith, and mine would have been likewise registered but for the fact that as a condition of such registration a statement, which was dictated, was to be signed by the Dominican representative. In all this no question was raised

as to the amount nor as to the propriety of my payment; it was simply as to the mode in which the payment should be made—the mode which, it will be remembered, had been made the subject of prior consultation.

Thereupon correspondence was had with the Dominican representative and assurances in virtually that form were given by the Dominican representative under date of February 23, 1909. On March 13, 1909, in response to an informal inquiry from the Bureau of Insular Affairs I addressed an explicit letter of explanation to the bureau. From March 13, 1909, until November 13, 1909, no further communication was had with me and I assumed that the assurances received from the Dominican Government were entirely satisfactory. On November 13, 1909, my attention was called to the fact that difficulties had grown out of the particular language of this memorandum. The matter was immediately taken up, the memorandum was signed by the Dominican Government, the order was approved by the State Department, and registered in the Bureau of Insular Affairs. So that this interval does not indicate in which the matter was the subject of "investigation and inquiry" in the sense of discrediting it.

The CHAIRMAN. Now, were you in Santo Domingo in 1908?

Dr. HOLLANDER. I think not; no, I am quite sure.

The CHAIRMAN. When did your services with the Santo Dominican Government terminate?

Dr. HOLLANDER. As you remember, I received this payment in December, 1908; on August 1, 1908, I had voluntarily declined to receive further compensation from the United States for the reason that I was no longer rendering service sufficient to justify receiving that considerable sum. After August 1, 1908, therefore, I received no payment from the United States. Now, when the payment was made by the Dominican Government in December, 1908, it was made not only to cover its recognition of my services, but also to secure my services for the future, extending up to the final and complete adjustment of the debt. Three years have elapsed since then, and at the present time there are \$6,500,000 of the bonds unsold, there are substantial concessions still to be adjusted, and during the entire time since elapsed and the entire time remaining I have held myself available for consultation in that capacity.

The CHAIRMAN. Let me ask you there: In adjusting or agreeing on the amount that the Santo Dominican Government was to pay you, was that done by correspondence?

Dr. HOLLANDER. I was never consulted in the matter.

The CHAIRMAN. Did you know, until you received that order for \$100,000, how much you were to get?

Dr. HOLLANDER. The matter was the subject of consultation between the Dominican representative and the legal counsel of the Republic.

The CHAIRMAN. Were you never consulted?

Dr. HOLLANDER. I was never consulted. I would have been prepared to have received \$50,000, I would have been prepared to receive \$25,000, or I would have been prepared to receive \$150,000.

The CHAIRMAN. Then you were really not charging them anything for the services that you claim to have rendered them, but this was given to you as a gratuity?

Dr. HOLLANDER. It was not, sir; the Dominican Government nor its representative could not give me a gratuity; it was given to me in payment of such services as I had rendered to them and expected hereafter to render them and in appreciation of what I had done.

The CHAIRMAN. Then if it was to be given to you as compensation for services rendered and to be rendered to them, how does it happen that they did not consult you in order to find out what you thought your services were worth?

Dr. HOLLANDER. Well, I think in such a case, if I had dissented, they probably would have made it a matter of conference. I was about to say it was discussed between the counsel of the Republic and the Dominican representative and the amount was suggested by the fact—as I have since been informed—that for similar expert service in some similar relations a fee of that kind had been paid to an expert on the subject; the counsel of the Republic communicated with me by telephone from New York, “The Dominican Government proposes to make a payment to you of \$100,000, and I am in doubt as to whether that should be paid in the form of an expense disbursement or a separate order registered,” and then ensued the discussion which I have described. I said it was a payment which, before I could accept—as was true of every transaction which I conducted during this period, whether it was for the Dominican Government or otherwise—must be submitted to the State Department.

The CHAIRMAN. What is the name of that counsel?

Dr. HOLLANDER. Stetson, Jennings & Russell.

The CHAIRMAN. What connection had Stetson, Jennings & Russell with the Santo Domingo Government?

Dr. HOLLANDER. They are the legal counsel of the Republic.

The CHAIRMAN. They are also counsel for Morgan & Co., are they not?

Dr. HOLLANDER. It may be so.

The CHAIRMAN. Do you not know that Mr. Jennings is Mr. Morgan's personal counsel?

Dr. HOLLANDER. I thought Mr. Stetson was.

The CHAIRMAN. Well, the firm.

Dr. HOLLANDER. And they are counsel for a great many other people, Mr. Chairman.

The CHAIRMAN. Then, after this arrangement between you and this firm of lawyers in New York had been made—that is, after notifying you of the amount the Dominican Government was willing to pay you—did you ever address a communication in writing to the Dominican Government or any representative of that Government acknowledging the receipt of this payment?

Dr. HOLLANDER. After it had been paid I probably did, sir. I hope I did.

The CHAIRMAN. Have you a copy of that?

Dr. HOLLANDER. If I addressed it, I probably have. I hope I wrote in appreciation.

The CHAIRMAN. Can you furnish the committee with a copy?

Dr. HOLLANDER. I can if I have it; but let me guard my answer by saying that I am not at all sure that I wrote. I received the payment from the Morton Trust Co., and I would certainly have written a formal acknowledgment to the Morton Trust Co. soon after having

received it; it is possible that I wrote also to Mr. Velazquez, but of that I have no present knowledge.

The CHAIRMAN. We would like to have any copies of any correspondence you had in connection with this Dominican matter—any communication with the Dominican Government or any representative of that Government.

Dr. HOLLANDER. My relations have been exclusively with the plenipotentiary of the Dominican Government in this matter, Senor Velazquez.

The CHAIRMAN. So if you had any written communication it would be with him?

Dr. HOLLANDER. Yes, sir.

The CHAIRMAN. We would be glad to have you furnish us with any copies you may have.

Dr. HOLLANDER. Do I understand that you wish copies of all my correspondence with Mr. Velazquez?

The CHAIRMAN. Anything connected with this matter we would be very glad to have.

Dr. HOLLANDER. With this particular payment?

The CHAIRMAN. Yes.

Dr. HOLLANDER. Exactly, if I have such.

The CHAIRMAN. Now, was anyone else interested in this \$100,000 fee but yourself?

Dr. HOLLANDER. Absolutely no one, sir.

The CHAIRMAN. You received \$25,000 in cash and then \$75,000 worth of these bonds were turned over to you at 98?

Dr. HOLLANDER. No, sir; at par.

The CHAIRMAN. You took those at par?

Dr. HOLLANDER. Yes, sir.

The CHAIRMAN. You say you had a talk with Mr. Bacon, who was then Assistant Secretary of State, on the date which you gave here?

Dr. HOLLANDER. December 15, 1908.

The CHAIRMAN. I mean the first conversation.

Dr. HOLLANDER. January 16, 1907.

The CHAIRMAN. At which there was an agreement reached as to the amount of compensation you were to receive from the United States?

Dr. HOLLANDER. Precisely.

The CHAIRMAN. And also he consented that you might receive from the Dominican Government such compensation as might be agreed upon or that they might pay you?

Dr. HOLLANDER. Upon the successful completion of the work.

The CHAIRMAN. Who communicated to the Dominican Government the fact that you had the consent of the United States Government to receive compensation from them, if anybody?

Dr. HOLLANDER. No one.

The CHAIRMAN. You did not do that yourself?

Dr. HOLLANDER. No.

The CHAIRMAN. Why did you not communicate that fact to the Dominican Government?

Dr. HOLLANDER. It was never necessary, sir.

The CHAIRMAN. According to your idea, you could represent both Governments and receive compensation from both?

Dr. HOLLANDER. Entirely.

The CHAIRMAN. Without the other knowing anything about it?

Dr. HOLLANDER. No, sir; both of them did know it.

The CHAIRMAN. But the State Department certified to us that the Dominican Government stated that when they paid you they did not know you were receiving compensation from the United States Government; is that correct or not?

Dr. HOLLANDER. You have read, sir, from the record, and it doubtless does say that: however, I am sure it is your desire that the full and complete facts should be brought out. Now, if I am bound to a categorical answer, it will only mislead the committee. I am dealing with a matter extending over six years, sir, involving exceedingly delicate and difficult negotiations, in which, in many cases, it was touch and miss. Now, I want to lay before the committee unreservedly the facts of the case, and I trust you will allow me to do so. From the time I began until—that is, from June, 1906, until August 1, 1908—all my expenses and all my compensation had been derived without any recourse to the Dominican Government.

The CHAIRMAN. Yes; you have stated that.

Dr. HOLLANDER. Now, the Dominican Government had—and when I am speaking of the Dominican Government I am speaking of its representatives—the knowledge which any reasonable man would have, that during that time I was not disbursing my own money nor going without compensation. Moreover, on August 1, 1908, having ceased to render services sufficient to warrant the receipt of a thousand dollars a month, and deeming it improper to accept a smaller amount, I drew thereafter upon the Dominican Government for the small expense disbursements, ordinarily \$100 or \$120 a month.

The CHAIRMAN. When did you commence to do that?

Dr. HOLLANDER. At the time I ceased to receive or take compensation from the United States and to draw my expenses from the United States; that is, from August 1, 1908, and thereafter.

The CHAIRMAN. From August, 1908, until when?

Dr. HOLLANDER. From August, 1908, up to practically the present time.

The CHAIRMAN. Are you still drawing it?

Dr. HOLLANDER. No: I have not drawn it, because I have rendered nothing that involved an expense disbursement.

The CHAIRMAN. What expenses have you had since that time?

Dr. HOLLANDER. From August 1, 1908, I would be obliged to go to New York, or I might be obliged to have a document translated, or I might be obliged to send a telegram. These were trivial expenses which never amounted to more than \$75 or \$100 a month. But the fact which I wish to impress upon the committee is that it must have presented itself to the mind of the Dominican Government that now, since for the first time it was being called upon to pay such expense accounts out of its own funds, the expenses which were involved in Dr. Hollander's going to Europe and in making other expensive journeys for two years must have been paid by the United States. Mr. Chairman, that is why I must insist that I had every reason to suppose that that fact was known, short of the categorical exchange of a written document which, in such negotiations

and in such relations between adviser and representative, is not customary.

When a formal declaration was demanded by the Dominican Government some time later, I had doubtless conceived an entirely erroneous impression from the innuendoes that had been made, and therefore did not make a categorical assent. This correspondence took place, as your record will show, in the summer of 1909, at a time when I was in Europe under the impression that everything was closed. The correspondence of the State Department was, I believe, through the Dominican chargé here in Washington, who, of course, was not sensible as to the facts and who had communicated with his Government in a formal way and received formal responses. When the matter was brought to my attention on November 13, 1909, and the matter was laid before the Dominican Government, they said, "Admitting that we did not know at the time," and it seems to me that their assertion about that matter is to be accepted, subject to the explanation I have given—"now, we do know: the facts have been spread before us, and, knowing every detail, we reiterate our desire that this payment should be made in recognition of Dr. Hollander's services rendered and to be rendered, and in appreciation of such services." And it made that statement in the most categorical written form, in a communication from the Dominican Plenipotentiary and through the Dominican minister here in Washington.

The CHAIRMAN. But you had told Mr. Velasquez, the representative of the Dominican Government, that you would accept compensation?

Dr. HOLLANDER. I had never, sir.

The CHAIRMAN. You had never?

Dr. HOLLANDER. No, sir.

The CHAIRMAN. How, then, did it happen that you and Mr. Bacon discussed that matter?

Dr. HOLLANDER. Because there is a great difference between my being offered money and my taking it. I realized, in the first place, that it was impossible for me to accept money without the approval of the State Department, and certainly I could not accept it as a disbursement under the general expense account. I never took one step of consequence in connection with this entire matter without consulting the State Department.

The CHAIRMAN. But you were expecting compensation from the Dominican Government?

Dr. HOLLANDER. I was assuming, sir, that if this entire matter resulted in a successful consummation, if a country which had been bankrupt should be put on its feet and should have effected an advantageous settlement, that it would seem to them proper to make such payments; that state of mind had been engendered by repeated intimations of the kind in conversation with the Dominican representative, which was a perfectly natural thing, sir, to suppose that a man who had rendered these services and had accomplished these results should receive some expression from the Dominican Government.

The CHAIRMAN. But you were receiving a thousand dollars a month from the United States Government, were you not?

Dr. HOLLANDER. Yes, sir; I was.

The CHAIRMAN. Do you not think that was pretty good compensation for the services you had rendered?

Dr. HOLLANDER. In view of the consummation of the services evidently the United States did not think so, and the Dominican Government did not think so, nor does. I think anyone qualified to pass upon expert services think it was.

The CHAIRMAN. Why do you think the United States Government evidently did not think so?

Dr. HOLLANDER. From the fact that I was given to understand at the beginning that I might accept such further compensation if tendered, and upon the fact that the payment was approved by the United States.

The CHAIRMAN. Do you know whether there is any record of that fact in the State Department?

Dr. HOLLANDER. I doubt it, sir.

The CHAIRMAN. Do you know that the Assistant Secretary of State, Mr. Wilson, has testified before this committee that they did not know, when they gave you your salary of \$1,000 a month, that you were receiving or were to receive any compensation from the Dominican Government?

Dr. HOLLANDER. Mr. Wilson doubtless based his statement upon the record, as Mr. Wilson was not in the State Department, or certainly had no connection with Latin-American affairs, at that time.

The CHAIRMAN. Did you ever tell anybody except Mr. Bacon that—

Dr. HOLLANDER. I told Mr. Bacon and Mr. Bacon in turn communicated the fact to Mr. Root in my presence.

The CHAIRMAN. And did Mr. Root approve the fact that you were to receive compensation from the Dominican Government?

Dr. HOLLANDER. If voluntarily tendered and in the event of successful consummation.

The CHAIRMAN. Now, that was in January, 1907. I believe you said—

Dr. HOLLANDER. January 16, 1907.

The CHAIRMAN. That Mr. Root consented that you should receive compensation from the Dominican Government and continued to pay you \$1,000 a month as our representative?

Dr. HOLLANDER. The compensation that I was to receive from the Dominican Government being entirely contingent upon the successful completion of the work and voluntary compensation on the part of the Dominican Government.

The CHAIRMAN. Where is Mr. Bacon now?

Dr. HOLLANDER. Mr. Bacon?

The CHAIRMAN. Yes.

Dr. HOLLANDER. He is ambassador to France. Mr. Huntington Wilson was in the State Department as Third Assistant Secretary, but he had no connection with Latin-American affairs; he was charged entirely, I think, with matters of the Orient.

The CHAIRMAN. Was there any change made in the character of the services you were rendering, either to this Government or to the Dominican Government, when you quit drawing a salary?

Dr. HOLLANDER. Absolutely none, sir.

The CHAIRMAN. You were drawing a salary, then, from both Governments, but doing the same thing you have been doing since, is that right?

Dr. HOLLANDER. Since January 19, 1905, I have not been doing any service for the United States; but during the interval from August 1, 1905, when I had ceased to accept compensation from the United States, because the work to be done was not important enough to justify that compensation, until January 19, 1906, when I was formally relieved—the services which I rendered to the United States were identical in kind with what I had before done.

The CHAIRMAN. What was the change in the character of the service, then?

Dr. HOLLANDER. I think I can explain that. By August 1, 1905, the settlement had been pretty well completed, as far as the interest of the United States in it was concerned: most of the foreign creditors had deposited their securities and the transaction was running along evenly, requiring constant touch with the situation, but not that degree of constant supervision. I continued to examine and approve the orders for settlements made; but, on the whole, I did not think that my services were worth a thousand dollars. They were worth something, but it was not agreeable for me to receive—

Mr. DENT. When was the matter finally closed up?

Dr. HOLLANDER. Do you mean, sir—

Mr. DENT. I mean the indebtedness.

Dr. HOLLANDER. The indebtedness itself is not even closed up now, that is to say, there are some non-assenting creditors, there are still unsold bonds, which the bankers are clamoring to buy now, and there are matters as to which the Dominican Government is seeking or ought to seek financial counsel.

Mr. DENT. On whom did you draw when you began to draw your expenses from the Dominican Government?

Dr. HOLLANDER. I would send a voucher to the Morton Trust Co. and they would include it in their monthly statement of expenses and render it to the Bureau of Insular Affairs.

Mr. DENT. Did you hear anything from any representative of the Dominican Government after you began to draw on that Government?

Dr. HOLLANDER. No, nothing; absolutely nothing.

Mr. DENT. They never wrote you anything about it or asked you why you had taken that course?

Dr. HOLLANDER. Nothing whatever; nor did the Bureau of Insular Affairs ever raise any question: the vouchers were coming in, sir, and if your theory were correct it might have been supposed the Bureau of Insular Affairs would have asked why the Dominican Government paid these expenses; but, of course, they were trivial, all the expenses were trivial. It has been said that I received \$41,000, or something of the kind, and that, I suppose, has been gotten by taking from the accountant's ledger the aggregate of all sums charged to this account. My compensation in my original connection in 1905 was \$750 a month. That came about in this way: I was asked by then Secretary of War Taft what compensation I desired, and I said for a prior expert connection with the United States I had received \$500 a month and all attendance living expenses, but I thought my services were worth more and that a thousand dollars a month was proper. It was suggested

that I start with £100, and that if the value of my services proved to warrant a thousand dollars I should accept that amount.

Of course I submitted my accounts for £100; I said that amount from that time down to December 22, 1945; during all that time I was compensated at the rate of £100. A secretary was assigned to me who received a very modest compensation, a man of great distinction, Judge Scherwin; and there were modest travelling expenses. Then later, in 1946, when I performed this second arrival the amount of a thousand dollars was used for me. Before I had been charged with a mere piece of investigation; now I was called upon to do a piece of constructive leadership, involving the working with a lot of well-organized criminals, negotiation with the best bankers in the country, having a very sensitive and suspicious public sentiment in Santo Domingo to deal with, and I think in the opinion of anyone who is familiar with the nature of what was transacted, my payment, amount of having this occasional largeness, would be deemed an entirely moderate and proper charge.

The CHAIRMAN. I do not think it so much the amount of the fee as the question whether you were entitled to accept one sent from the Dominican Government; it is a question whether you had any right to accept any compensation.

Dr. HALLAMER. I think, Mr. Chairman, that is a natural state of mind if the two Governments are deemed parties in opposition, but they were not.

The CHAIRMAN. I want to ask you this question: Sometime in 1946 were you not designated as minister plenipotentiary?

Dr. HALLAMER. I was.

The CHAIRMAN. What time in 1946 were you so designated?

Dr. HALLAMER. It was probably, say, in August or September, 1946.

The CHAIRMAN. 1946.

Dr. HALLAMER. 1945.

The CHAIRMAN. You held that commission until you quit the service of the Government in August?

Dr. HALLAMER. I suppose the title designation continued until December 22, 1945.

The CHAIRMAN. You were designated as such and the records of the department show it?

Dr. HALLAMER. Yes.

The CHAIRMAN. Now, Doctor, after you held a commission as minister plenipotentiary and were the accredited agent of this Government, you accepted compensation from another government, did you not?

Dr. HALLAMER. No, sir; I did not. I said that that title and service terminated on December 22, 1945, and it related exclusively to the 1944 period of my connection; what you have said as to compensation from another government would be entirely true if it related to the time when I was sent by President Roosevelt to Santo Domingo; I went down as his agent and when I returned, sir, I made a verbal report and then I was sent again, and was instructed also to visit Haiti and some of the other islands of the West Indies, and in order that I might be provided with proper dignity I was given the designation of special commissioner or minister plenipotentiary, which I relinquished with the termination of my service and submission of my report on December 22, 1945. Thereafter I was com-

pletely out of the service of the United States until I was again invited in June, 1907.

The CHAIRMAN. You have gotten the wrong date, have you not?

Dr. HOLLANDER. I moved it one year later; it should have been "until I was again invited in June, 1906"; that is to say, I was sent by the President in March, 1905; I made a verbal report to him in May, 1905; I went to Europe and on my return from Europe I was sent in a cruiser to the West Indies and given this proper dignity, and when I returned I submitted my report, in September, and remained subject to the orders of the President until December 31, 1905, after which my compensation and connection terminated, and I was not employed in anywise until the conference of which I spoke in June, 1906.

The CHAIRMAN. But you did not receive this commission as minister plenipotentiary until 1906, did you?

Dr. HOLLANDER. I received it in 1905 and it terminated on December 31, 1905.

The CHAIRMAN. You are positive of that?

Dr. HOLLANDER. Absolutely, sir; 1905.

The CHAIRMAN. Why was it you were furnished with a cruiser to go in?

Dr. HOLLANDER. Unhappily, sir, I was obliged to go in one, and those who have cruised in the West India waters in midsummer will understand that the comfort is not commensurate with the dignity.

The CHAIRMAN. But the cost is pretty heavy?

Dr. HOLLANDER. Well, I presume in those days cruisers were useful in the West Indies, regardless of their cost and expense.

The CHAIRMAN. What was the total compensation you received from the United States Government?

Dr. HOLLANDER. During the first period of my service?

The CHAIRMAN. I mean the total?

Dr. HOLLANDER. I have not totaled it; but there was \$750 a month during the first period.

The CHAIRMAN. How long was that? Suppose you just total up the amount and give it to the stenographer.

Dr. HOLLANDER. The accountant at the State Department will know exactly on what date my compensation started.

The CHAIRMAN. I can give you that. They say you commenced March 24, 1905, and that it ended December 31.

Dr. HOLLANDER. Exactly. That would be about \$7,000 in that connection.

The CHAIRMAN. That would be nine months and a fraction?

Dr. HOLLANDER. Yes.

The CHAIRMAN. And then you commenced June 12, 1906, and drew a salary until July 31, 1908?

Dr. HOLLANDER. That would be something like \$32,500 in aggregate.

The CHAIRMAN. You received that as salary from the United States Government during that period?

Dr. HOLLANDER. Yes. For two distinct services, sir.

The CHAIRMAN. I do not care whether it was for distinct services or anything about that.

Dr. HOLLANDER. I have received compensation from the United States in other connections.

The CHAIRMAN. Have you ever figured up what your total compensation was when you include this \$100,000 received from the Dominican Government—what it would be per month?

Dr. HOLLANDER. From the Dominican Government and the United States Government combined?

The CHAIRMAN. Yes.

Dr. HOLLANDER. That would depend upon when my services with the Dominican Government terminate, because this payment relates not only to the past but to the indefinite future.

The CHAIRMAN. What was the date that you received that \$100,000 from the Dominican Government?

Dr. HOLLANDER. On December 11, the order—

Mr. DENT. What year—

Dr. HOLLANDER. 1908 that the order was prepared; on December 15, 1908, I consulted the department and received its approval.

The CHAIRMAN. That is, you consulted Mr. Bacon?

Dr. HOLLANDER. Who communicated with Mr. Root and then communicated with me.

The CHAIRMAN. Now, where was that order prepared?

Dr. HOLLANDER. As all the other orders, in the office of the counsel of the Republic—the local counsel, Stetson, Jennings & Russell.

The CHAIRMAN. And who approved the order?

Dr. HOLLANDER. Finally, do you mean?

The CHAIRMAN. As I understand it, under the provision that you spoke of a while ago, that order had to receive the approval of somebody, and Stetson, Jennings & Russell had no authority to just issue the order.

Dr. HOLLANDER. Oh, I understand what you mean; it was an order on the Morton Trust Co. signed by the Dominican plenipotentiary, Señor Velazquez, directing the Morton Trust Co. to pay to Dr. Hollander so and so, and signed by Señor Velazquez.

The CHAIRMAN. Now, did that have to receive the indorsement of anyone before it could be paid by the Morton Trust Co.?

Dr. HOLLANDER. Under Order 32 it would not.

The CHAIRMAN. Now, let us see, that order to which you refer is in this language, is it not:

You will please pay such bills for printing, engraving, and other expenses as may be approved by Jacob H. Hollander.

That is the order under which that was paid?

Dr. HOLLANDER. Order 32; yes.

The CHAIRMAN. This is the order under which it was paid?

Dr. HOLLANDER. Not entirely; that is the order under which the specific order providing for my payment was paid by the Morton Trust Co.; under that general order the Dominican representative executed a specific order, to pay to me so and so, but the authority for it was derived from 32.

The CHAIRMAN. Then that provided only for the payment of bills drawn under this order which bore your approval?

Dr. HOLLANDER. Precisely.

The CHAIRMAN. Then you approved your own order?

Dr. HOLLANDER. No, sir; I did not. It was for that reason, if for no other, that would have made necessary the submission of it to the State Department, and so that is why it was submitted.

The CHAIRMAN. When did you acknowledge receiving the money on that order?

Dr. HOLLANDER. The date of the approval of the department was December 15, and I probably communicated forthwith with the Morton Trust Co., desiring that it be treated as an expense account, and I presume, in the course of the next few days—I have no record here of the exact date, but I presume such a record is in the Morton Trust Co., and may be in my files, as to the date on which the Morton Trust Co. sent the check and bonds to me.

The CHAIRMAN. If the State Department approved that and consented to its payment at that time, how do you account for this one year's investigation and a final viséing of the order and a registration of it with the Insular Bureau of the War Department? If you are correct in that, why would they go back and investigate it for a year and finally visé it and have it recorded?

Dr. HOLLANDER. I will endeavor to be as succinct as you desire. On January 14, 1909, or perhaps a day or two earlier, the account of the Dominican Government's disbursements for the preceding month was rendered by the Morton Trust Co. to the Bureau of Insular Affairs.

The CHAIRMAN. January 14 of what year?

Dr. HOLLANDER. 1909. The order was executed by the Dominican representative on December 11, 1908, and the matter was submitted by me to the State Department on December 15, 1909, and the payment was made to me a few days later. The account was rendered by the Morton Trust Co. to the Bureau of Insular Affairs soon after the first of the month—that is, early in January, 1909. On January 14, 1909, the Bureau of Insular Affairs deemed the language of the general order, which you have read, not sufficient, and brought the matter up before the State Department. The subject was then reconsidered, and it was deemed proper in the case of this order and in the case of the order providing for the compensation of the legal counsel the orders should be registered; in the case of the legal counsel such registration took place forthwith; in the case of my order it was delayed until a memorandum, in specified terms, should be signed by the Dominican representative, who was in Santo Domingo. It was communicated to him forthwith, and reply was made by him under date of February 23, 1909, and you will see there is no lapse there; the Dominican representative communicated practically the assurances that were desired, but did not sign the specific thing.

On March 13, 1909, the Bureau of Insular Affairs called my attention to the fact that this had not yet been registered. I communicated in detail on that date to the Bureau of Insular Affairs the procedure that had occurred, including the fact of the substantial approval of the memorandum desired by the Dominican representative. I received no further word, and on April 3, 1909, the Dominican representative wrote to me of what he had done and intimated that now the transaction was entirely complete and regretting the embarrassment that it might have caused me. From May 31 to October 1, 1909, I was in Europe; before going, however, I communicated to the department under date of May 26, 1909, both my mail and cable addresses, but I received no intimation whatever until November 13, 1909, when I was informed that the Dominican Government had expressed certain dissent in the matter.

The CHAIRMAN. How did you get that information from the State Department?

Dr. HOLLANDER. In a letter from the solicitor's office on November 13.

The CHAIRMAN. Can you furnish the committee with a copy of that letter?

Dr. HOLLANDER. Certainly; I think I can lay my hands on it now; I think I have it with me.

The CHAIRMAN. We would like to have it now, if you please.

(Said letter handed to the chairman.)

The CHAIRMAN. Is this the only letter that you received from the State Department evidencing any dissatisfaction on the part of the Dominican Government?

Dr. HOLLANDER. The only one, sir.

The CHAIRMAN. The only one?

Dr. HOLLANDER. Yes, sir.

The CHAIRMAN. In obedience and in accordance with the request in this letter, did you call at the State Department for a conference?

Dr. HOLLANDER. Immediately, the very day of its receipt.

The CHAIRMAN. And what did they tell you was the complaint on the part of the Dominican Government?

Dr. HOLLANDER. They did not tell me there was any formal complaint; they told me that the Dominican Government had not complied with the conditions which had been laid down by the department at the time when this matter was first brought to their attention; and I expressed the opinion that that had come about because the matter had not gone through the customary channels; that it had been, as it were, taken out of the hands of the plenipotentiary, and that the correspondence had been had with the Dominican Legation here in Washington—then in charge, I think, of a chargé d'affaires—and that the matter, when properly brought to the attention of the Dominican Government, would be approved. Then, sir, communication was had with the Dominican representative, and he promptly transmitted a letter—

The CHAIRMAN. Now, a communication was had by you or the department?

Dr. HOLLANDER. By me, with the knowledge and assent of the State Department.

The CHAIRMAN. By letter?

Dr. HOLLANDER. By a letter and by a visit of my personal representative, Judge Schoenrich, who went to Santo Domingo; he was in Porto Rico and was granted leave of absence through the intervention of the Bureau of Insular Affairs. He went over and explained the circumstances to the Dominican representative, who conferred with the President of the Dominican Republic and with his associated officers, and then addressed a letter to the Secretary of State, which, I should think, must be considered by this committee. It is as follows:

SANTO DOMINGO, *December 9, 1909.*

HON. PHILANDER C. KNOX, *Secretary of State.*

Washington, D. C.

SIR: On December 11, 1908, on behalf of the Dominican Republic, I made an order directing the Morton Trust Co. to pay to Jacob H. Hollander \$25,000 in cash and \$75,000 in the new bonds of the Republic. Although I have since

that date been advised that Dr. Hollander, for a period extending from June 20, 1906, to August 1, 1908, was in receipt of regular payments from the Government of the United States for his services to that Government in connection with the Dominican debt adjustment, the Dominican Government hereby confirms the order of December 11, 1908, because it has desired both to pay the said Dr. Hollander for the large and important services rendered by him to the Dominican Republic and those he may hereafter render it in connection with said adjustment, and to show its appreciation of those services.

Very respectfully,

FEDCO. VELAZQUEZ,
Secretary of Finance and Commerce.

That letter was delivered by Minister Velazquez, after consultation with his Government, to our diplomatic representative in Santo Domingo and by him transmitted to the State Department. Subsequently the State Department, in order that there might be no question whatever arising, and in order to remove a possible defect in the fact that the plenipotentiary had delivered it to our representative instead of sending it through the Dominican minister of foreign affairs, secured a similar assurance, couched in somewhat different language, from the Dominican representative in Washington, in accordance with instructions from his Government. After this the State Department wrote:

In view of this full and formal declaration on the part of the Dominican Government, through its minister in this city, the department will direct the registration of the order of December 11, 1908, in favor of Dr. Hollander in the usual course.

So, Mr. Chairman, if I may say, this period which elapsed is not properly to be interpreted as a period in which the matter was under investigation, and in which there was any shadow of doubt; it was a period due partly to a lapse in following the matter up, resulting in utter ignorance on my part, from March 13, 1909, to November 13, 1909—a period of nine months—that the incident was not entirely closed.

The CHAIRMAN. Did I understand you to say that you never had any definite agreement with the Dominican Government as to compensation or employment?

Dr. HOLLANDER. That is entirely so, sir.

The CHAIRMAN. Then how did you or they know you were to represent them in the future, if you had no agreement?

Dr. HOLLANDER. When they made the payment, sir, it was doubtless suggested.

The CHAIRMAN. Do you know?

Dr. HOLLANDER. No, sir, I do not; but it would doubtless be suggested by the counsel of the Republic, who was acting in the interest of the Republic, that Dr. Hollander will not only accept this payment as an appreciation of what he has done and as a payment for what he has done, but will accept it to cover any and all future services; and it was precisely that kind of an arrangement that was made with the counsel of the Republic; that is, the fee relates to all future services.

The CHAIRMAN. Had you communicated that fact to anybody—your willingness to continue your services in the future for this \$100,000?

Dr. HOLLANDER. Before the payment was made?

The CHAIRMAN. Yes, sir.

Dr. HOLLANDER. I did not know with certainty that I was to receive payment. When I received it, in so far as I communicated it to anybody—it is not a matter that one spreads broadcast—to those with whom I discussed it, the State Department and my advisers, I made it clear, of course, that the payments made at this time were also for the future. You see, Mr. Chairman, this payment was made just before Mr. Velazquez was returning; he had been there for a long time, and he was making this payment to provide for the future as well as the past. The Dominican Government had confidence in me, I hope, sir, and they knew perfectly well that upon the receipt of such a payment and the expression of a desire on their part that I should continue acting as I had, that no further honorarium of any kind would be paid. That such would be the case was, I think, the confident feeling of the Dominican Government.

The CHAIRMAN. But you had never told anybody so?

Dr. HOLLANDER. After that time?

The CHAIRMAN. Yes.

Dr. HOLLANDER. Anyone whom I told about receiving this sum or who knew of it was told that, sir, and knew of it, that that payment represented my compensation once and for all.

The CHAIRMAN. But you never told the representative of the Dominican Government?

Dr. HOLLANDER. Why, it is stipulated; it is set forth in the order and in the accompanying memorandum. "in payment for services rendered and to be rendered;" it was absolutely set forth in these papers.

The CHAIRMAN. How long is that service to continue, one year or 10 years?

Dr. HOLLANDER. To eternity, sir, if I live and the Dominican Government requires it.

The CHAIRMAN. So they have a mortgage upon your services for all future time?

Dr. HOLLANDER. In case they require them, and that is not unusual, as I understand.

The CHAIRMAN. You were very kind in releasing the United States Government.

Mr. DAWSON. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes.

Mr. DAWSON. Dr. Hollander, you refer to this payment as made in December—you said on December 15 it was paid?

Dr. HOLLANDER. No; the conference took place at which it was approved, first by Mr. Bacon and then Mr. Bacon conferred with Mr. Root and then Mr. Bacon communicated with——

Mr. DAWSON. It was paid when?

Dr. HOLLANDER. It was remitted by the Morton Trust Co. under date of December 19, 1908.

Mr. DAWSON. Did you communicate to Mr. Jennings verbally or in writing the result of your conference?

Dr. HOLLANDER. By telephone, immediately; by word of mouth a few days thereafter.

Mr. DAWSON. And it was done through you and no other source?

Dr. HOLLANDER. Through me and through no other source.

The CHAIRMAN. The witness refers to a letter dated November 11, 1909, a communication from the State Department asking him to call

for a conference in relation to the Santo Dominican fee; that letter the committee requires the witness to produce, and it is as follows:

[Personal and confidential.]

NOVEMBER 11, 1909.

Dr. JACOB H. HOLLANDER,
Johns Hopkins University, Baltimore, Md.

DEAR DR. HOLLANDER: The department is in receipt of advices from the Dominican legation in regard to the matter of your compensation, which are of such a character that the Secretary has instructed me to take the matter up with you personally at the earliest possible moment. May I ask you to call at this office sometime this week, if possible, in order that we may go over this matter together? Please telegraph me when you can be here.

Very sincerely,

W. C. DENNIS.

Dr. HOLLANDER. On that same date the conference took place, and the details growing out of that are interesting, Mr. Chairman, if you desire them.

The CHAIRMAN. I think we will have to ask you to call again under this subpoena.

(The subcommittee thereupon adjourned to meet Friday, May 26, 1911, at 10 o'clock a. m.)

No. 3

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

MAY 29, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY WALKER HAMLIN, *Chairman*, Missouri.

S. H. DENT, Jr., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman*.

S. H. DENT, JR.

CHARLES R. DAVIS.

D. OF S.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE
ON EXPENDITURES IN THE STATE DEPARTMENT,
Monday, May 29, 1911.

The subcommittee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. ALBERT ROSENTHAL.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. State your name, please.

Mr. ROSENTHAL. Albert Rosenthal.

The CHAIRMAN. Where do you reside.

Mr. ROSENTHAL. My studio address is 1529 Chestnut Street.

The CHAIRMAN. What city?

Mr. ROSENTHAL. Philadelphia.

The CHAIRMAN. What is your business?

Mr. ROSENTHAL. An artist—a portrait painter.

The CHAIRMAN. How long have you been engaged in the work of an artist—about how long?

Mr. ROSENTHAL. I do not know; about 30 years, I guess.

The CHAIRMAN. I will ask you to state if you painted a portrait of ex-Secretary of State Day?

Mr. ROSENTHAL. Yes.

The CHAIRMAN. About when?

Mr. ROSENTHAL. It must have been somewhere about 1905—the latter part, I guess.

The CHAIRMAN. At whose solicitation did you paint this portrait?

Mr. ROSENTHAL. Why, I came to paint it for my series of the Supreme Court, and he said that if he liked the portrait he would want it for the State Department.

The CHAIRMAN. Who said that?

Mr. ROSENTHAL. Mr. Justice Day.

The CHAIRMAN. Did you have any agreement with anybody connected with the State Department as to the cost of this portrait?

Mr. ROSENTHAL. No. I had an agreement with Mr. Justice Day that I should not charge more than \$850, with the frame.

Mr. DAVIS. With the frame?

Mr. ROSENTHAL. With the frame; yes, sir.

Mr. DAVIS. When was it you painted this portrait?

Mr. ROSENTHAL. 1905, about. I say 1905 because I went abroad about then; or it may have been early in 1906 or thereabouts, because I went abroad in 1906, I think.

The CHAIRMAN. And this was before you went away?

Mr. ROSENTHAL. Yes; this was before I went abroad.

The CHAIRMAN. Did you paint that portrait?

Mr. ROSENTHAL. I did; yes, sir.

The CHAIRMAN. Was it accepted?

Mr. ROSENTHAL. Yes; and placed in the State Department, and is there now.

The CHAIRMAN. Well now, you may state if you were paid for the painting?

Mr. ROSENTHAL. I was paid for it; yes, sir.

The CHAIRMAN. How much?

Mr. ROSENTHAL. Eight hundred and fifty dollars.

The CHAIRMAN. That is all the money you received?

Mr. ROSENTHAL. Yes, sir.

The CHAIRMAN. And how did you receive that money?

Mr. ROSENTHAL. Well, it has been so long ago that all I know is that I received a check for \$850.

The CHAIRMAN. From whom?

Mr. ROSENTHAL. Col. Michael, the chief clerk of the Department of State at that time.

The CHAIRMAN. What kind of a check did you receive?

Mr. ROSENTHAL. Well, the matter never occurred to me to see what kind of a check I received.

The CHAIRMAN. I mean, was it his personal check?

Mr. ROSENTHAL. Well, I could not swear to that; my impression is it was, but I could not swear to that fact.

The CHAIRMAN. Did you sign any voucher or receipt for this?

Mr. ROSENTHAL. I always, in my dealings with the departments, have gotten some voucher, and I signed a voucher in that case.

Mr. DAVIS. You did sign a voucher in that case?

Mr. ROSENTHAL. Yes, sir.

Mr. DAVIS. That is, a Government voucher?

Mr. ROSENTHAL. Yes, sir.

The CHAIRMAN. Did you know what that voucher contained when you signed it?

Mr. ROSENTHAL. I do not recall that it contained anything.

The CHAIRMAN. Was it a blank voucher?

Mr. ROSENTHAL. A blank voucher.

The CHAIRMAN. Have you since had occasion to see that voucher?

Mr. ROSENTHAL. Well, somewhere along—I got back from Europe, I think, somewhere about January or February of 1907, and in February, but perhaps March, or thereabouts, I had occasion to go to the State Department on another matter, and the subject of the voucher was brought up by Mr. Denby; the subject of my price for Mr. Day's portrait was brought up.

The CHAIRMAN. What position did Mr. Denby occupy?

Mr. ROSENTHAL. I think he was then chief clerk; I do not recall his first name, but he was then chief clerk, having succeeded Col. Michael.

The CHAIRMAN. What were the circumstances that brought up this case—that is, the painting of Associate Justice Day's portrait?

Mr. ROSENTHAL. Well, we were discussing another portrait when——

The CHAIRMAN. Of whom?

Mr. ROSENTHAL. Of Secretary Hay that I painted and loaned for the Portland exposition, and that caused Mr. Denby to remark that

my price was more than the department had ordinarily been charged, and I said, That is not possible; that I had gotten \$850; he said, "There is some mistake, because the voucher calls for a good deal more," and my impression is he showed me the voucher and it called for somewhere around \$2,400 or \$2,450; I could not give the exact figures, but either one or the other; it has been five years ago now, and I would not swear to it.

The CHAIRMAN. Was that the voucher that you had signed?

Mr. ROSENTHAL. It had my signature on it all right.

Mr. DAVIS. You signed it in blank, you say?

Mr. ROSENTHAL. Yes.

Mr. DAVIS. And when you saw that voucher it was for \$2,400 or \$2,450? Now, what did you say or do?

Mr. ROSENTHAL. Of course I told them that I had not received that amount.

Mr. DAVIS. Did you tell him the amount that you did receive?

Mr. ROSENTHAL. Oh, yes.

Mr. DAVIS. Who was this you told?

Mr. ROSENTHAL. Denby.

Mr. DAVIS. What position did he hold?

Mr. ROSENTHAL. I think he was chief clerk.

Mr. DAVIS. Has he any relation to Congressman Denby of Michigan? Do you know anything about that?

Mr. ROSENTHAL. No; I know nothing about that; it was the first that I had ever met Mr. Denby; Col. Michael had been there many years, and the relations I had were with him before that time.

Mr. DAVIS. Is Denby there now?

Mr. ROSENTHAL. I do not think he is; I have an idea Mr. Denby has been put on some consular business, or something.

The CHAIRMAN. What time did you return from Europe?

Mr. ROSENTHAL. I think I went abroad in 1906, in July, and I did not get back until February, 1907; I think it must have been in 1907. Of course you get all mixed up in your dates when you are not thinking of these things for five or six years.

The CHAIRMAN. Now, after you had signed this voucher and informed Mr. Denby, the chief clerk, that you only received \$850, you may state if you spoke to any other party about this matter.

Mr. ROSENTHAL. Well, I thought it was only due to Justice Day to inform him of the fact.

The CHAIRMAN. And you did that?

Mr. ROSENTHAL. I did that.

The CHAIRMAN. You may state what you told Justice Day.

Mr. ROSENTHAL. I simply told him that I was confronted with a voucher for \$2,450 for his portrait; that I had agreed to paint it for \$850 and had received \$850.

The CHAIRMAN. Do you know what, if anything, he did then after you told him that?

Mr. ROSENTHAL. No; I know nothing about what he did after that.

The CHAIRMAN. Did you ever have any other talk with him?

Mr. ROSENTHAL. No.

Mr. DAVIS. Whom did you have the original bargain with to paint this for a sum not exceeding \$850?

Mr. ROSENTHAL. Justice Day. Justice Day had been requested, as all ex-Secretaries are requested, to sit for his portrait and select the

artist; they have that privilege; and I happened to come along; I was etching Justice Day for my Supreme Court history at the same time, and he said, "You are just opportune; I need my portrait for the State Department."

Mr. DAVIS. Do you know whether that is the usual custom?

Mr. ROSENTHAL. That is the usual custom.

Mr. DAVIS. To have the portraits of all ex-Secretaries of State painted?

Mr. ROSENTHAL. Yes; that is the only way they have of keeping up the historical series. There is no appropriation for that purpose either; it comes out of an incidental fund; fortunately they do that or they never would have any historical series.

The CHAIRMAN. Have you painted the portraits of other Government officials?

Mr. ROSENTHAL. Oh, yes; I painted Knox when he was attorney general for the State of Pennsylvania.

The CHAIRMAN. Of course, that was not paid for by the United States Government?

Mr. ROSENTHAL. No.

The CHAIRMAN. I mean, have you painted any for the Federal officeholders?

Mr. ROSENTHAL. Not up to that time, but I had been developing historical collections both for the State Department and the Department of Justice, and there were several collections of the Department of Justice used in these international expositions that I am more or less responsible for, and in that way I have come in contact with the departments, and had on previous occasions signed blanks, exactly as I signed the blank for the State Department.

The CHAIRMAN. Did you speak to anybody connected with the Department of Justice about this voucher calling for more money than you actually received?

Mr. ROSENTHAL. Without mentioning it, I put a hypothetical question; I inquired as to whether it was the custom in the Department of Justice to do it in this way, without putting the amount in there, and he stated, "As far as I can recall all the bills that you put in and were paid for by the Department of Justice were paid in that way; you were sent a voucher in blank, which you signed, and the amount was filled in afterwards."

The CHAIRMAN. Now, to whom were you talking?

Mr. ROSENTHAL. Well, I do not know whether it is well to involve a man who may have no authority to express an opinion; he was just a personal friend of mine, and I do not know whether we should——

The CHAIRMAN. Was he connected with the Department of Justice?

Mr. ROSENTHAL. He has been employed there for years.

The CHAIRMAN. In what capacity?

Mr. ROSENTHAL. Well, several capacities.

The CHAIRMAN. In what capacity was he serving then?

Mr. ROSENTHAL. Well, I do not know, except that I know Maj. Strong, who is dead now, came to my studio when I helped to make up the material for them on several occasions——

The CHAIRMAN. But in what capacity was he serving in the Department of Justice?

Mr. ROSENTHAL. I do not know, but it is Mr. La Dow; you might as well have his name; I think he is now superintendent of prisons.

The CHAIRMAN. Did you give him the particulars of this?

Mr. ROSENTHAL. No; I only——

The CHAIRMAN. You just stated a hypothetical question.

Mr. ROSENTHAL. I said, "Old man, there has been something wrong here; I find a voucher that I have signed in blank," and to just convince myself, I asked him whether that was the custom, and he said, "Yes; that has been the custom in our case; we have so many different prints that we do not know what we would keep and what we wouldn't keep—fire some out and simply charge ourselves with what we keep." That is one of the reasons he gave. You see, that voucher, or blank, whatever you call it, is practically a receipt. It is a receipt, you know, that I have gotten my money—but I have not, don't you know; that is one of the stupid parts of it.

The CHAIRMAN. I wish you would go into some detail and tell how it happened that you discovered this voucher had been raised. You say you had painted a portrait?

Mr. ROSENTHAL. I had painted a portrait of Secretary Hay with the understanding with Col. Michael that when it was returned from Portland it would be purchased by the State Department.

The CHAIRMAN. Michael was at that time chief clerk?

Mr. ROSENTHAL. Yes, sir; he evidently had authority to buy that portrait, because he had the authority to buy the portrait of Secretary Day.

The CHAIRMAN. Well, you painted that portrait and it was on exhibition at the Portland Exposition?

Mr. ROSENTHAL. Yes, sir; and when I called on Mr. Denby in relation to it, it was then he opened up on the fact that my portraits were rather higher than what the department ever paid or would agree to pay.

The CHAIRMAN. Did the department bring that Hay portrait back from Portland and hang it?

Mr. ROSENTHAL. They delivered it to my studio in Philadelphia.

The CHAIRMAN. And you had been to Europe in the meantime, I understand?

Mr. ROSENTHAL. Yes, sir.

The CHAIRMAN. When you returned you found that portrait in your studio?

Mr. ROSENTHAL. Yes, sir.

The CHAIRMAN. And you came here to inquire why the State Department had not taken it?

Mr. ROSENTHAL. Yes, sir; and then I discovered that Col. Michael was no longer there.

The CHAIRMAN. And you had to deal with Denby?

Mr. ROSENTHAL. Yes; and doubtless they had no evidence of a contract having been made.

The CHAIRMAN. And he then told you that he did not care to pay the price that you charged, judging from what you charged for painting the Day portrait?

Mr. ROSENTHAL. Yes, sir.

The CHAIRMAN. That was the way you found out about this voucher?

Mr. ROSENTHAL. Yes, sir.

Mr. DAVIS. Have you ever had occasion to examine any other vouchers that you signed for portraits heretofore painted for any of the officials?

Mr. ROSENTHAL. I never had painted any portraits, except subsequently I painted the portrait of Mr. Justice Moody for the Department of Justice.

Mr. DAVIS. Have you had occasion to examine your voucher in that case?

Mr. ROSENTHAL. No; I never had an opportunity, and it would not occur except in some such extraordinary circumstance as this. I do not recall how the Moody portrait was paid for, and I never bother much how I get paid, you know.

Mr. DAVIS. Of course, you have no way of telling whether this was Michael's personal check or whether it was a Government check?

Mr. ROSENTHAL. Of course, I could go into surmises, and I could go into suggestions made to me as to the methods in the departments and the powers of the chief clerk, but I do not think that is hardly my province, you know.

The CHAIRMAN. You do not have a distinct recollection whether this was his personal check or whether it was a Government draft, or what?

Mr. ROSENTHAL. Well——

Mr. DAVIS. Was it the usual check that you received, or in the form of the usual check?

Mr. ROSENTHAL. Well, I could not say that; really, I could not say that.

Mr. DAVIS. There was nothing distinctly peculiar about it?

Mr. ROSENTHAL. There is one thing in regard to this case. You have got to find Col. Michael's check to myself, because there is the amount represented, and he would keep his bookkeeping straight, anyhow.

The CHAIRMAN. Did the department finally take the Hay portrait?

Mr. ROSENTHAL. Oh, no. It was this way: They said Mrs. Hay had given the commission to a young woman, but if she would approve of this portrait they would take it; but, of course, I said, "I am not going to fight the department on the matter of the portrait. Secretary Hay's portrait is important enough to be wanted by somebody else."

(A recess was thereupon taken until 2 o'clock p. m.)

AFTER RECESS.

TESTIMONY OF MR. THOMAS MORRISON, DISBURSING CLERK, STATE DEPARTMENT.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. State your name, please.

Mr. MORRISON. Thomas Morrison.

The CHAIRMAN. What position, if any, do you occupy in the Government service?

Mr. MORRISON. I am the disbursing clerk of the State Department.

The CHAIRMAN. You are carried on the rolls as Chief of the Bureau of Accounts, are you not?

Mr. MORRISON. Yes; in addition to the office of disbursing clerk.

The CHAIRMAN. Now, what are your duties there, Mr. Morrison? In a general way, what are your duties?

Mr. MORRISON. Well, my duties are to examine all of the diplomatic and consular accounts and all the miscellaneous correspondence in connection with them, the receipt of the drafts from diplomatic and consular officers and the payment of them, and of the general miscellaneous work of the bureau, which amounts to a great deal. I pay all the bills against the department.

The CHAIRMAN. That is what I am getting at; you pay all the bills against the department?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Do you have a recollection of a voucher passing through your office for the painting of a portrait of ex-Secretary of State William R. Day?

Mr. MORRISON. Yes.

The CHAIRMAN. Have you that voucher?

Mr. MORRISON. Well, it is not now in my possession. It was withdrawn by the former chief clerk, Mr. Denby.

The CHAIRMAN. Withdrawn by the former chief clerk, Mr. Denby?

Mr. MORRISON. Yes.

The CHAIRMAN. Do you remember about when?

Mr. MORRISON. Well, it was early in Mr. Root's administration; that is probably five years ago.

The CHAIRMAN. Whom did Mr. Denby succeed as chief clerk?

Mr. MORRISON. Col. Michael.

The CHAIRMAN. Then, after Col. Michael had gone out as chief clerk and Mr. Denby had been installed in that position, that voucher was withdrawn by him?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Has it ever been returned to you?

Mr. MORRISON. Not to my recollection; I can not recall of it having been returned to me.

The CHAIRMAN. Well, are you the proper custodian of those vouchers?

Mr. MORRISON. Well, no; the Secretary of State could control that.

The CHAIRMAN. Of course, they are under his control, but I mean is your bureau the proper place for these things to be kept?

Mr. MORRISON. Yes, it is.

The CHAIRMAN. And is it the usual place where they are kept?

Mr. MORRISON. Oftentimes those vouchers are withdrawn by the Secretary and oftentimes—well, this is the only case I can recall, to my knowledge, where it has not been returned. I am not positive about that, because probably it can be located, but I made a search for it the other day and could not find it.

The CHAIRMAN. Do you remember the amount of that voucher?

Mr. MORRISON. It was \$2,450, I think.

The CHAIRMAN. Have you made a search for that voucher?

Mr. MORRISON. Yes.

The CHAIRMAN. Are you prepared to say that that voucher is not now on file in your office?

Mr. MORRISON. No; I am not, because I would rather make a thorough and complete search before I would make that statement.

Mr. DAVIS. When did you make that search?

Mr. MORRISON. I think it was one day last week.

Mr. DAVIS. What was the occasion for your making it then?

Mr. MORRISON. An inquiry came over from the department for the papers in connection with that.

Mr. DAVIS. From whom did that inquiry come?

Mr. MORRISON. I do not remember whether it was the Secretary or the chief clerk.

Mr. DAVIS. How did it get to you? How did that inquiry get to you?

Mr. MORRISON. They telephoned for them?

Mr. DAVIS. Who telephoned?

Mr. MORRISON. Well, it was either the chief clerk or by direction of the Secretary; an inquiry came for those papers.

Mr. DAVIS. You can not determine, from the voice, who it was made the inquiry, can you?

Mr. MORRISON. I think the inquiry came from the Secretary through, perhaps, the chief clerk, or it may have been the Director of the Consular Service.

Mr. DAVIS. That is your opinion. Did you hear the voice?

Mr. MORRISON. Yes.

Mr. DAVIS. Who was talking to you over the phone?

Mr. MORRISON. It is a difficult matter to get anything on my phone now.

Mr. DAVIS. Can not you tell a voice when you hear it over the phone?

Mr. MORRISON. Under ordinary circumstances I can.

Mr. DAVIS. But this time you could not recognize the voice?

Mr. MORRISON. Well, it sounded—I could not tell whether it was Mr. McNeir, chief clerk, or Mr. Carr.

Mr. DAVIS. What was the telephone message?

Mr. MORRISON. To send over the papers in connection with the Rosenthal case.

Mr. DAVIS. To send over the papers? All the papers?

Mr. MORRISON. Yes.

Mr. DAVIS. And did you do so?

Mr. MORRISON. No, I did not; I could not find them.

Mr. DAVIS. You could not find any of the papers?

Mr. MORRISON. No.

Mr. DAVIS. They were all gone?

Mr. MORRISON. Yes; they were all gone.

Mr. DAVIS. Do you know of anybody who has the authority to remove those papers?

Mr. MORRISON. Well, the Secretary of State has the authority, you know; he withdrew them.

Mr. DAVIS. He did withdraw them?

Mr. MORRISON. Sometime ago; yes.

Mr. DAVIS. He withdrew all the papers in that case?

Mr. MORRISON. Yes, he did; that is, through his chief clerk, Mr. Denby.

The CHAIRMAN. What Secretary?

Mr. MORRISON. Mr. Root.

Mr. DAVIS. Through the chief clerk, Mr. Denby?

Mr. MORRISON. Yes.

Mr. DAVIS. How do you know that, Mr. Morrison?

Mr. MORRISON. Well, I knew it for the reason that Mr. Denby called on me for the papers.

Mr. DAVIS. Then, as to Mr. Denby's authority for calling for them; that is only hearsay on your part?

Mr. MORRISON. He came to me for the voucher.

Mr. DAVIS. He came to you, but you said the Secretary had ordered him to do it; do you know that to be a fact?

Mr. MORRISON. Well, I took his word for it.

Mr. DAVIS. Just simply took Denby's word for it?

Mr. MORRISON. Yes.

Mr. DAVIS. And that is the only instance you know of where documents have been taken from the files and never returned?

Mr. MORRISON. It is the only one.

Mr. DAVIS. How long have you been in your present position?

Mr. MORRISON. About 10 years.

Mr. DAVIS. And that is the only document of that nature which has been removed and not returned during your time, within your knowledge?

Mr. MORRISON. Yes.

Mr. DAVIS. When did you make a search for it?

Mr. MORRISON. We made a search last week.

Mr. DAVIS. You did not make a search to-day?

Mr. MORRISON. No.

Mr. DAVIS. Since the subpoena has been served on you?

Mr. MORRISON. No.

Mr. DAVIS. Then you do not know whether that has been returned?

Mr. MORRISON. I can not tell; I would like to go back and make a complete search for it.

Mr. DAVIS. You are sure the amount of that voucher was \$2,450?

Mr. MORRISON. Yes.

Mr. DAVIS. Have you a record of this voucher?

Mr. MORRISON. I have a book record; yes.

Mr. DAVIS. When have you looked at that book lately?

Mr. MORRISON. Last week.

Mr. DAVIS. And your book indicates that the amount of that voucher was \$2,450?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. You have not that book with you?

Mr. MORRISON. No, sir.

Mr. DAVIS. You have seen that book within a week and that is there, is it?

Mr. MORRISON. Yes, sir; I have the book.

Mr. DENT. Mr. Davis, I understood you to ask the witness what the occasion was for his search last week, but I did not understand his answer to that.

Mr. MORRISON. An inquiry came over from the State Department for the papers in that case.

Mr. DAVIS. I was trying to ascertain from whom that inquiry came, but he does not seem to know, because he could not tell the voice over the phone. You say that was the occasion for your looking for it last week, the fact that an inquiry came over the phone from the Secretary of State's office?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. But you do not know whom it came from?

Mr. MORRISON. The Director of the Consular Service or the chief clerk.

Mr. DAVIS. You are positive it was one of those two?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. But which one you can not say?

Mr. MORRISON. No, sir.

Mr. DAVIS. Give us the names of those parties?

Mr. MORRISON. Mr. Carr and Mr. McNeir.

The CHAIRMAN. Did they indicate to you why they wanted these papers at that time?

Mr. MORRISON. No, sir.

Mr. DAVIS. Do you know Mr. Rosenthal?

Mr. MORRISON. No; I do not.

Mr. DAVIS. Did you notice that his signature, or what purported to be his signature, was signed to that paper?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Do you remember what the initials were?

Mr. MORRISON. No; I could not tell you.

Mr. DAVIS. You never saw his signature that you know of except as you saw it on that voucher?

Mr. MORRISON. No. The voucher was approved by the Secretary of State.

Mr. DAVIS. In person?

Mr. MORRISON. Oh, yes.

Mr. DAVIS. His own signature, or by a clerk?

Mr. MORRISON. No; by his own signature.

Mr. DAVIS. What Secretary of State was it?

Mr. MORRISON. Mr. Hay. I never make a payment of this sort until the voucher comes to me approved by the Secretary of State.

Mr. DAVIS. You not remember the date of that?

Mr. MORRISON. The payment was made sometime in December——

Mr. DAVIS. The date of the voucher?

Mr. MORRISON. No; I could not recall that now, but this record book I have will show that.

Mr. DAVIS. You still have a distinct recollection that Mr. Rosenthal's name was signed to that?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. And that the amount was \$2,450?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. And that it was approved by Secretary Hay?

Mr. MORRISON. Yes, sir.

Mr. DENT. Who makes the actual payment on these vouchers, your department?

Mr. MORRISON. Yes.

Mr. DAVIS. Were there any indorsements on that voucher?

Mr. MORRISON. I do not recall whether there was or not; it is a good while ago.

Mr. DAVIS. Must it not have been indorsed by somebody when it was paid?

Mr. MORRISON. Well, they always come to me approved by the Secretary of State.

Mr. DAVIS. After the approval of the voucher by the Secretary of State are there not other indorsements on it?

Mr. MORRISON. Only the indorsement on the back—of the date of the payment and to whom it was paid.

Mr. DAVIS. Do you recollect what that indorsement was?

Mr. MORRISON. If I recall it the indorsement was for the portrait of Judge Day.

Mr. DAVIS. Whose name was on the back as having received payment?

Mr. MORRISON. The payment was made to the chief clerk.

Mr. DAVIS. Made to the chief clerk?

Mr. MORRISON. Yes.

Mr. DAVIS. What was his name?

Mr. MORRISON. Col. Michael.

Mr. DAVIS. It shows that \$2,450 was paid to Col. Michael?

Mr. MORRISON. Yes.

Mr. DAVIS. Did his signature appear on the back of that?

Mr. MORRISON. No; it came approved by the Secretary of State for that amount of money.

Mr. DAVIS. And you paid it to Col Michael?

Mr. MORRISON. Yes.

Mr. DAVIS. In person?

Mr. MORRISON. In person; yes.

Mr. DAVIS. Did you give him a check or money?

Mr. MORRISON. My recollection is I gave him a check.

Mr. DAVIS. If you gave him that you would have some record, would you not?

Mr. MORRISON. Oh, yes; the stub.

Mr. DAVIS. I suggest that he look that record up.

The CHAIRMAN. Yes; and bring that up with you when we phone you again, and if you have the returned check bring that along.

Mr. MORRISON. That would not come to me.

Mr. DAVIS. You have a personal recollection of \$2,450 being paid on that check?

Mr. MORRISON. Yes.

Mr. DAVIS. A personal recollection?

Mr. MORRISON. Yes, sir.

TESTIMONY OF MR. ALBERT ROSENTHAL—Continued.

The CHAIRMAN. In whose possession was this voucher when you saw it last?

Mr. ROSENTHAL. Mr. Denby asked me to call the next day and he would have the voucher and he showed me the voucher; he had it in his possession.

The CHAIRMAN. And that voucher contained your signature?

Mr. ROSENTHAL. Yes. I never looked at the indorsements on the back, or anything of that kind.

The CHAIRMAN. You testified this morning that you actually received just \$850?

Mr. ROSENTHAL. Yes. I got a check from Col. Michael.

The CHAIRMAN. Where did you cash that check that you got from Col. Michael?

Mr. ROSENTHAL. Yes; about as soon as I could.

The CHAIRMAN. I say where did you cash that check? Do you remember the bank?

Mr. ROSENTHAL. I deposited it, I think, in the Girard Trust Co., in Philadelphia, or the Real Estate Trust.

Mr. DAVIS. Of Philadelphia?

Mr. ROSENTHAL. Yes.

The CHAIRMAN. Do you know whether you could get a record of the payment of that check from that company?

Mr. ROSENTHAL. Oh, I suppose I could, if you think it is very important, although it is a long time ago.

The CHAIRMAN. From that we might ascertain whether this was a private personal check of Col. Michael or not.

Mr. ROSENTHAL. Would they know that?

The CHAIRMAN. They would keep a record of that. Of course they keep a record of the payee and drawer of the check; most banks do, and also the amount; they will keep that, of course. That is a very important matter now for you as well as for the committee.

Mr. DENT. Do you remember whether you deposited this check to your credit or whether you got the cash on it?

Mr. ROSENTHAL. No; I always deposit.

Mr. DENT. To your credit?

Mr. ROSENTHAL. Yes.

Mr. DAVIS. Then you could ascertain, I presume, by going to the bank, just that information?

Mr. ROSENTHAL. Yes; but the only trouble is I changed——

Mr. DAVIS. And they could tell you from their books.

Mr. ROSENTHAL. If I could recollect exactly the date about it I do not think there would be any trouble.

Mr. DAVIS. They have a record of that check; if they destroyed the check they have a record of it.

The CHAIRMAN. You might find your deposit slips.

Mr. ROSENTHAL. Would they keep a record as far back as that?

The CHAIRMAN. They keep it in their records of their bank, but I thought perhaps you might have your deposit slip.

Mr. DAVIS. Hardly. The books of this Girard Trust Co. will show a good deal about that check; to whom it was paid and the nature of the check?

Mr. ROSENTHAL. Yes.

Mr. DAVIS. Do you know or do you have any distinct recollection whether that check had Col. Michael's name on it at all?

Mr. ROSENTHAL. My impression is that it did. And in making inquiry I understood that the chief clerk had the power to make a requisition on the State Department, the Appropriation Committee, or whoever had charge of the funds, for a fair amount any time he wanted it and then check off by his personal check for small things that he wanted along; I understood that he had that authority.

The CHAIRMAN. And that you got one of those personal checks?

Mr. ROSENTHAL. Yes.

The CHAIRMAN. Will you look up your bank records over in Philadelphia?

Mr. ROSENTHAL. It is worth about a thousand dollars to do that, but I will try.

(The subcommittee thereupon adjourned.)

No. 4

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JUNE 2, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY WALKER HAMLIN, *Chairman*, Missouri.
S. H. DENT, JR., Alabama. CHARLES R. DAVIS, Minnesota.
S. A. RODDENBERRY, Georgia. JOHN Q. TILSON, Connecticut.
HUBERT D. STEPHENS, Mississippi. WILLIAM W. WEDEMEYER, Michigan.
SAM C. NEALE, *Clerk*.

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman*.
S. H. DENT, JR. CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

HOUSE OF REPRESENTATIVES,
COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT,
Friday, June 2, 1911.

The subcommittee met at 2 o'clock p. m., Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. WILBUR J. CARR, DIRECTOR OF CONSULAR SERVICE, DEPARTMENT OF STATE.

The witness was duly sworn by the chairman.

The CHAIRMAN. State your name, please.

Mr. CARR. Wilbur J. Carr, Director of the Consular Service, Department of State.

The CHAIRMAN. How long have you been connected with the Department of State?

Mr. CARR. Since June 1, 1892.

The CHAIRMAN. Are you acquainted with William H. Michael?

Mr. CARR. I am.

The CHAIRMAN. Is he in the Government service?

Mr. CARR. Yes; in the Government service; consul general at Calcutta.

The CHAIRMAN. When was he appointed, do you remember?

Mr. CARR. I do not remember.

The CHAIRMAN. The official records will show?

Mr. CARR. The official records will show.

Mr. DENT. About how long?

Mr. CARR. In the latter part of 1905, I think. The department register shows that he was appointed or that his commission was dated November 16, 1905.

The CHAIRMAN. Of course he did not enter that service until he was commissioned?

Mr. CARR. No.

The CHAIRMAN. What salary does he draw?

Mr. CARR. He draws \$6,000.

The CHAIRMAN. What position had he held in the State Department, if any, before he was appointed to the Consular Service?

Mr. CARR. He had been chief clerk of the State Department.

The CHAIRMAN. Do you know what salary that carried at the time?

Mr. CARR. In the latter part of his term there, I think, the salary was \$3,000.

Mr. DENT. Did he go from his position here to the position he now holds at Calcutta? Was he holding the position of chief clerk at the time he was appointed consul general at Calcutta?

Mr. CARR. Yes; that is my recollection.

The CHAIRMAN. Do you know anything about the circumstances of the issuance of a voucher to cover the cost of the painting of the portrait of ex-Secretary of State William R. Day?

Mr. CARR. No; I do not know anything about the circumstances of the issuance of that voucher.

The CHAIRMAN. You have heard something about that matter, have you?

Mr. CARR. I have heard about it within the last week.

The CHAIRMAN. You never had heard anything about it previous to that time?

Mr. CARR. I do not recall having heard about it previously.

The CHAIRMAN. I will ask you if you called Thomas H. Morrison, your disbursing clerk, over the phone one day last week, asking him to send that voucher and all papers connected with that case over to the Secretary of State?

Mr. CARR. I did.

The CHAIRMAN. At whose suggestion did you do that?

Mr. CARR. At the direction of the Assistant Secretary.

The CHAIRMAN. Mr. Wilson?

Mr. CARR. Mr. Wilson.

The CHAIRMAN. Do you know whether he had any authority for making that request or not?

Mr. CARR. Well, I should not question his authority.

The CHAIRMAN. I will ask you who in the department has authority to withdraw from the files vouchers such as the one in question?

Mr. CARR. I should say the Secretary or the Acting Secretary, as I understand it.

The CHAIRMAN. No one else?

Mr. CARR. I do not think anyone else, although the direction might be conveyed through some one else.

The CHAIRMAN. I mean without direction.

Mr. CARR. But without direction I should say not.

The CHAIRMAN. Only the Secretary or the Acting Secretary?

Mr. CARR. That is my judgment.

The CHAIRMAN. At the time Mr. Wilson directed you to send for that voucher and the papers connected with that matter was he acting as Secretary of State?

Mr. CARR. No; I do not think he was; that is my recollection, that he was not.

The CHAIRMAN. Then according to your statement just made he did not have the authority to direct you to send for those papers?

Mr. CARR. Well, Mr. Hamlin, in the ordinary routine of business, if I should get a direction from the Assistant Secretary, I should assume that he acted with proper authority.

The CHAIRMAN. Then I will ask you whether he made that direction to you in person?

Mr. CARR. He did.

The CHAIRMAN. Did he assign to you any reason why he wanted that voucher and those papers at that time?

Mr. CARR. He did.

The CHAIRMAN. What reason did he assign?

Mr. CARR. The reason was that the Secretary of State had received a letter from one Albert Rosenthal saying, in substance, if I remember correctly, that the chairman of this committee had had an interview with him in Philadelphia in which he had made inquiries in regard to a certain transaction in reference to the purchase of the portrait of Secretary Day, and inasmuch as it was a transaction affecting the State Department that he thought the Secretary ought to know of it; I understand that the Secretary had never heard about it, and I was asked to get the papers in the case.

The CHAIRMAN. Did that letter convey the information to the department that this man Rosenthal had only received \$850 for the painting of that portrait, but that the voucher which he signed showed that he had received \$2,450, presumably, and that that was the question sought to be investigated?

Mr. CARR. No; not just precisely that. It showed or it stated that Mr. Rosenthal had received \$850 by a personal check from Mr. Michael, and that he had signed a voucher in blank, and that on one occasion when he called at the department he saw what purported to be the same voucher, but the amount stated in it was \$2,450.

The CHAIRMAN. What did Mr. Wilson say he wanted with that voucher and papers?

Mr. CARR. I do not recall that Mr. Wilson told me definitely, but the impression I have in my mind is that it was for the purpose of investigation.

The CHAIRMAN. Did you get the voucher and papers?

Mr. CARR. I did not.

The CHAIRMAN. Why?

Mr. CARR. It was reported to me by the Chief of the Bureau of Accounts that he looked for the voucher and that it was not in its place.

The CHAIRMAN. Who is consul general at Vienna?

Mr. CARR. Charles Denby.

The CHAIRMAN. What position, if any, did he occupy in the State Department before he was appointed consul general at Vienna?

Mr. CARR. He was chief clerk of the State Department.

The CHAIRMAN. Who appointed William H. Michael consul general at Calcutta?

Mr. CARR. President Roosevelt, I think.

The CHAIRMAN. And who was Secretary of State at the time?

Mr. CARR. Elihu Root.

The CHAIRMAN. And how are these consuls general appointed, what is the modus operandi? What was the modus operandi at the time this man was appointed, if you know?

Mr. CARR. At the time Col. Michael was appointed I think the appointments were made sometimes upon the recommendation of the Secretary of State and sometimes upon the direction of the President himself.

The CHAIRMAN. Do you know whether Michael was recommended by the Secretary of State?

Mr. CARR. I do not.

The CHAIRMAN. Would there be any record in the department showing whether or not he was recommended by the Department of State, I mean the Secretary of State?

Mr. CARR. I do not know that.

The CHAIRMAN. What other positions have you held in the department other than the one you now hold?

Mr. CARR. I entered the department as a clerk at \$1,000.

The CHAIRMAN. I just want the positions.

Mr. CARR. Above the grade of clerk?

The CHAIRMAN. Yes.

Mr. CARR. Chief of the Consular Bureau from 1902 to 1907, chief clerk from 1907 to the latter part of 1909, and Director of the Consular Service since then.

The CHAIRMAN. Now, you are familiar, then, with the work of the chief clerk of the department?

Mr. CARR. Reasonably so; yes.

The CHAIRMAN. Did you ever pay for the painting of any portraits while you were chief clerk?

Mr. CARR. No; I did not.

The CHAIRMAN. Out of what fund would that naturally and properly be paid?

Mr. CARR. I can not speak for the present, but in those days, 1904, and a number of years prior to that, I believe they were paid out of the fund for emergencies in the Diplomatic and Consular Service.

Mr. DENT. Up to what time?

Mr. CARR. I mean to say for some years prior to 1904, when this transaction is supposed to have taken place.

The CHAIRMAN. Has been paid out of what fund?

Mr. CARR. The appropriation for emergencies in the Diplomatic and Consular Service.

The CHAIRMAN. It would not be paid out of the contingent funds of the department, then?

Mr. CARR. No.

The CHAIRMAN. Have you a fund down there that you call a miscellaneous fund?

Mr. CARR. We have a fund that appears in the appropriation bill under the head of "Contingent expenses," and is, I think, separated into two divisions, one, the purchase of stationery and furniture, a general head, and the other, miscellaneous expenses, for keeping up the stables, purchasing horses, electrical equipment, and defraying various other running expenses of the department.

The CHAIRMAN. On what theory would you pay for the painting of portraits, for instance, out of the diplomatic and consular emergency fund?

Mr. CARR. That is a question I could hardly answer, Mr. Hamlin, because I never formulated theories about it; it was not my business.

The CHAIRMAN. What is that fund set apart for?

Mr. CARR. The appropriation reads "For unforeseen emergencies in the Diplomatic and Consular Service and to extend the commercial and other interests of the United States," I think.

The CHAIRMAN. Well, now, do you think that the payment for the painting of a portrait would come under either one of those heads?

Mr. CARR. Well, Mr. Hamlin, inasmuch as I had nothing to do with the fund and never assumed to say what should be paid out of that fund, without the direction of the Secretary, I do not think I could very well give an accurate answer to that question.

The CHAIRMAN. Well, now, having occupied the position of chief clerk, were you not frequently, while occupying that position, called

upon to determine out of what funds certain items presented to you for payment should be paid?

Mr. CARR. Yes; but very seldom in relation to that fund.

The CHAIRMAN. Well, I am not talking especially about that fund. The chief clerk must determine almost every day about such matters, is not that true?

Mr. CARR. Yes.

The CHAIRMAN. Out of what funds certain things must be paid?

Mr. CARR. Yes; in respect to contingent expenses for the department.

The CHAIRMAN. Well, then, you must have had some rule or guide to go by, to determine these matters when they would come up?

Mr. CARR. The rule or guide was generally the rule laid down by the Comptroller of the Treasury and the auditing officers.

The CHAIRMAN. Well, that is the point I am getting at. Then on what theory would you think that the payment of a claim like that of Rosenthal's for the painting of a portrait would be paid out of this emergency or secret fund of the department that was given to the Secretary of State in connection with the Diplomatic Service?

Mr. CARR. Well, I can not theorize on what rests within the judgment of the President and the Secretary of State.

The CHAIRMAN. Do you know out of what fund this \$2,450 was paid by Mr. Morrison, the disbursing clerk, to Mr. William H. Michael, the chief clerk?

Mr. CARR. I know merely what I have seen on the books, and that it was paid out of the emergency fund.

The CHAIRMAN. What records show that?

Mr. CARR. The records which I think the Secretary of State will produce to you when he comes.

The CHAIRMAN. Who keeps that record?

Mr. CARR. That record is kept in the Bureau of Accounts.

The CHAIRMAN. By Mr. Morrison?

Mr. CARR. Yes.

Mr. DENT. Mr. Carr, do you keep separate vouchers and separate accounts relating to this emergency fund from all other appropriations given to you by Congress?

Mr. CARR. I do not quite understand your question.

Mr. DENT. Well, as I understand it, you have a fund there of which the State Department has the absolute disposition without accounting to Congress, and that is called the emergency or secret fund; is that correct?

Mr. CARR. The emergency fund is an appropriation by Congress for the payment of unforeseen emergencies in the Diplomatic and Consular Service, and to extend the commercial and other interests of the United States—that is my recollection of the wording of it—to be expended pursuant to section 291 of the Revised Statutes. I won't venture to attempt to quote that section.

Mr. DENT. Now, my question was whether or not the accounts for that fund were kept separate from the other funds that were outlined by you?

Mr. CARR. The accounts—that is to say, the vouchers and the papers in reference to each item of expenditure—are kept separate; there is also a register of expenditures on those vouchers kept in a book separate from the other accounts.

Mr. DENT. Then it is kept separate from the other accounts?

Mr. CARR. That particular fund; yes.

Mr. DENT. And this particular voucher is a voucher that was kept with reference to that emergency fund?

Mr. CARR. Yes, sir.

Mr. DENT. In payment for this portrait?

Mr. CARR. Yes.

The CHAIRMAN. Who determines out of what fund these different items shall be paid when a bill is presented?

Mr. CARR. Will you kindly make your question more specific for the reason that there are a large number of appropriations, and the immediate responsibility, under the Secretary of State, rests with various officers.

The CHAIRMAN. I will make my question specific. When the bill for painting this particular portrait, about which we have been inquiring, was presented to the chief clerk, whose duty was it to determine out of what particular appropriation or fund that amount should be paid?

Mr. CARR. I know nothing about the administration of that fund at the time of this transaction. When I was chief clerk if a charge had been presented against the so-called emergency fund the determination of whether it should be paid would have rested with the Secretary or Acting Secretary.

The CHAIRMAN. Yes; but you do not quite grasp my question, Mr. Carr. This account presented by Mr. Rosenthal was not presented against any particular fund of the department.

Mr. CARR. I quite understand.

The CHAIRMAN. You understand that?

Mr. CARR. I assume it was not.

The CHAIRMAN. Now, whose duty was it to determine, when that account was presented for payment, out of what fund the account should be paid? Your long service with the department undoubtedly enables you to have an idea.

Mr. CARR. Of course the natural thing for a department officer to do would be to find out how such bills of that particular class had been paid in the past.

The CHAIRMAN. Would the Secretary of State have any option in the matter?

Mr. CARR. The Secretary of State undoubtedly would have; if it were attempted to pay any amount out of the fund for emergencies in the Diplomatic and Consular Service the Secretary of State or the Acting Secretary of State would undoubtedly pass upon it.

The CHAIRMAN. If it is paid out of any of the other funds would he pass upon it?

Mr. CARR. He might and might not, depending upon whether it was an ordinary and usual expenditure; if it were an exceptional expenditure it would very likely go up to the Secretary of State or the Acting Secretary of State.

The CHAIRMAN. That would be determined entirely by the chief clerk to whom the account was presented, would it not, Mr. Carr?

Mr. CARR. Anything in reference to the departmental service; yes. As to whether it should go up to the Secretary you mean?

The CHAIRMAN. Yes; whether it should go up to the Secretary and have his specific approval or not. While you were chief clerk you never had to pay any claims similar to this one?

Mr. CARR. No; I did not pay any. I do not know what the Secretary of State may have done. I was told while I was chief clerk that the emergency fund was a fund under the control of the Secretary or Acting Secretary entirely.

The CHAIRMAN. Do you know why William H. Michael was transferred from the position of chief clerk to that of consul general?

Mr. CARR. I do not.

The CHAIRMAN. Did you hear any talk at the department about it at the time?

Mr. CARR. I do not recall any talk about it; there may have been, but I would not venture to say.

The CHAIRMAN. I will ask if it were not talked there, and pretty generally talked, that his work as chief clerk had not been satisfactory and they were going to place him out of the country, where he would be in practical banishment—was not that talked generally there?

Mr. CARR. No; I do not recall anything of just that character at all.

The CHAIRMAN. Well, anything similar to that?

Mr. CARR. I recall having heard dissatisfied expressions on the part of some people in the department; I would not even venture to say who they were, because I could not say; but I should think that almost any administrative officer might have some unfavorable things said about him.

The CHAIRMAN. Well, did you understand that it grew out of this Rosenthal transaction?

Mr. CARR. No; I did not know anything about the Rosenthal transaction until a week ago; a week ago was the first knowledge I ever had of it, to the best of my recollection.

STATEMENT OF HON. PHILANDER C. KNOX, SECRETARY OF STATE.

The CHAIRMAN. What position do you occupy with the Government at this time?

Secretary KNOX. Secretary of State.

The CHAIRMAN. How long have you occupied that position. Mr. Secretary?

Secretary KNOX. Since the 5th of March, 1909.

The CHAIRMAN. Mr. Secretary, have you any knowledge of your own in relation to a voucher signed by Alfred Rosenthal, perhaps in 1904, for \$2,450, which is presumed to have covered the cost of painting the portrait of ex-Secretary William R. Day?

Secretary KNOX. I have not.

The CHAIRMAN. That was before you went into the department?

Secretary KNOX. Yes.

The CHAIRMAN. Have you that voucher now?

Secretary KNOX. No, sir.

The CHAIRMAN. Have you made any attempt to get possession of the voucher?

Secretary KNOX. I issued instructions, as soon as I heard that there was some question about the books of the department agreeing with the money that Mr. Rosenthal received for painting that portrait, that an investigation be made and a search made for the voucher, but it is reported to me that up to date that voucher can not be found and has not been found.

The CHAIRMAN. Who made that report to you?

Secretary KNOX. Well, one of the officials of the department. I do not know who it was; but I gave my instructions to the Assistant Secretary of State to make the investigation. I suppose I heard from him that it had not been found; but there is no doubt about the fact that it can not be found.

The CHAIRMAN. Who would be the proper custodian of that voucher?

Secretary KNOX. Well, I suppose—but I am not speaking with technical accuracy—it belonged to the Division of Accounts.

The CHAIRMAN. And who is the chief of that division?

Secretary KNOX. Morrison.

The CHAIRMAN. Thomas C. Morrison?

Secretary KNOX. Yes.

The CHAIRMAN. You understand that Mr. Morrison has made a search for that voucher and can not find it?

Secretary KNOX. That is the report to me, and I have no doubt about it.

The CHAIRMAN. Have you any record in the department that makes any reference to this voucher at all?

Secretary KNOX. Well, I can not answer that of my personal knowledge. Of course, I do not keep the run of the books of the department; I can not do that.

The CHAIRMAN. Have you brought any books with you, as called for in the subpœna, that will show any reference to the voucher?

Secretary KNOX. Let me see what the subpœna calls for.

The CHAIRMAN. Here is the subpœna.

Secretary KNOX. I have a copy of it here.

The CHAIRMAN. It is item No. 3 in the subpœna.

Secretary KNOX (after referring to subpœna). No, sir; I have not, Mr. Chairman.

The CHAIRMAN. Have you no books there that show any record of that voucher at all, or any reference to it?

Secretary KNOX. Well, I do not know, personally, whether we have or not. I assume that there are books that show that; but they would be books that would disclose all disbursements of the emergency fund of the department, and I did not bring them, under the direction of the President.

The CHAIRMAN. Do you know out of what fund this voucher was paid?

Secretary KNOX. I do not, except I have general knowledge—that is, the general statement made.

The CHAIRMAN. Then how do you know, Mr. Secretary, that the books that would contain a record of this voucher would contain a record of the expenditures under the emergency fund?

Secretary KNOX. Not of my own personal knowledge; but I inquired at the department and of the people who keep the books, and they say, as to this voucher, that if there was any record of it it would be made in the books containing the record of the expenditures under the emergency fund.

The CHAIRMAN. And the President has directed you not to produce those books?

Secretary KNOX. Yes, sir.

The CHAIRMAN. Have you any record that shows the expenditures under your contingent fund, by items, for the fiscal years 1904, 1905, 1906, and 1907?

Secretary KNOX. What do you mean by the contingent fund, Mr. Hamlin, the emergency fund?

The CHAIRMAN. The emergency or contingent fund, or the miscellaneous fund.

Secretary KNOX. Well, there are two appropriations—there is an appropriation for emergencies that arise in the Diplomatic and Consular Service, and there is a contingent fund for the ordinary expenses about the department; that is the only contingent fund that I know of, except, I believe—if you will permit me, I will ask Mr. Carr. Have we a contingent fund in connection with the Consular Service?

Mr. CARR. A contingent fund in both branches of the foreign service.

The CHAIRMAN. Does not the law require you, upon the passage of each appropriation bill, to separate or divide that appropriation into certain funds?

Secretary KNOX. Well, I have not the law before me, and you have it there; I can not say what it says.

The CHAIRMAN. Well, you have been Secretary now for two years?

Secretary KNOX. Yes.

The CHAIRMAN. Have you not been doing that very thing?

Secretary KNOX. If I have, I have been doing it through some of the subordinate officers supplied by the Government to do that kind of work.

The CHAIRMAN. Do you know whether you get out each year an annual statement or report to Congress showing, by items, the expenditure of the different sums of money and for what purposes, etc.?

Secretary KNOX. I believe so; yes, sir; except the emergency fund.

The CHAIRMAN. Have you been doing that every year right along? Have you any report of that kind covering the years, 1904, 1905, 1906, etc.?

Secretary KNOX. I can only answer that from hearsay about the department. I understand that the keeping of an itemized account of the contingent fund has only been since 1907, has it not?

Mr. CARR. Yes.

Secretary KNOX. Prior to that time, I think, it was not kept.

The CHAIRMAN. You are aware that the law required it, are you not, prior to that time?

Secretary KNOX. I was not in the department, and I do not suppose that I thought much about it prior to 1907.

The CHAIRMAN. But we are convinced of the fact that you are a good lawyer, Mr. Secretary, and that you are familiar with the law.

Secretary KNOX. I am very much obliged to you for the compliment, but there is a good deal of law I do not know. Mr. Carr calls my attention to the fact that I am incorrect in what I stated, or that an incorrect inference might be drawn from what I stated, when I said that prior to 1907 no itemized accounts were kept; there was an itemized account kept, but the change was that we have been reporting to Congress since 1907, which was not the practice prior to that time.

The CHAIRMAN. The question I asked was whether you were not aware of the fact that the law has required since 1842 that the department should report to Congress an itemized statement of all expenditures?

Secretary KNOX. No; I am not aware of when the act was passed, Mr. Hamlin.

The CHAIRMAN. Well, I will formally ask the question: Are you not aware of the fact that this law, which I shall now read into the record, has been the law since August 26, 1842, United States Statutes at Large, section 193, page 29:

The head of each department shall make an annual report to Congress, giving a detailed statement of the manner in which the contingent fund for his department, and for the bureaus and offices therein, has been expended, giving the names of every person to whom any portion thereof has been paid; and if for anything furnished, the quantity and price; and if for any service rendered, the nature of such service, and the time employed, and the particular occasion or cause, in brief, that rendered such service necessary; and the amount of all former appropriations in each case on hand, either in the Treasury or in the hands of any disbursing officer or agent. And he shall require of the disbursing officers, acting under his direction and authority, the return of precise and analytical statements and receipts for all the moneys which may have been from time to time during the next preceding year expended by them, and shall communicate the results of such returns and the sums total, annually, to Congress.

Secretary KNOX. I was not aware, until you read the statute, of the date of its passage. I am informed that the statute has been complied with since 1907, but prior to that time there had not been reports made to Congress. That is the information I get in the department.

The CHAIRMAN. Mr. Secretary, I understood you to say that you personally had not made an inspection of the records of your office to know whether there are any books there that contain any reference to this Rosenthal voucher.

Secretary KNOX. No; I have not. All that I have done I have done through the officers of the department.

The CHAIRMAN. You understood through them, however, that there was some record of that voucher there?

Secretary KNOX. What I know about the matter is this: Mr. Rosenthal, whom I have known for many years, called me on the telephone and I was engaged, so Mr. Wilson answered the telephone, I think, a week ago; it was since you were in Philadelphia attending some function. Can you recall when that was?

The CHAIRMAN. That was last Saturday and Sunday a week ago.

Secretary KNOX. That is just about when it was.

The CHAIRMAN. I was not in Philadelphia attending a function, however; I was there with the Committee on Interstate and Foreign Commerce, which went down the river and bay for the purpose of examining lights and buoys.

Secretary KNOX. You were there on some congressional business, as I understand. He told me, through Mr. Wilson, you had called to see him in relation to the painting of Judge Day's portrait and he told me that there was some inaccuracy about the record that was made in the Department of State as to the amount paid for the portrait; that he had only gotten \$850, I think he said, for painting it, and there was a record or an entry on the books of the department stating that it had cost \$2,450, or at least that is what appeared on the

face of the entry. I immediately instructed the Assistant Secretary of State to at once institute an investigation. The next day I inquired as to what had been discovered, and he said he had not yet received a report upon it; I then asked for Mr. Carr and Mr. Carr came in to see me; I told him I wanted to know just what the records of the department showed in respect to what Mr. Rosenthal received for the painting of that portrait, and Mr. Carr reported to me that the original entry showed that there had been \$2,450 paid for it. I said: "How can it be that a payment of \$850 should be charged on the books of the department as having been \$2,450?" I said: "I want a thorough investigation of this matter begun at once; I want the records of the department searched for every scrap of information that bears upon the subject, and if we do not get light in that way then I want the chief clerk and everybody else who was connected with that transaction or in the service at the time that it occurred who might likely know anything about it questioned upon the subject, no matter where they were." Now, that is all I know.

The CHAIRMAN. Now, you decline to bring the records here for the inspection of the committee on the authority of the President, who advised you not to bring them?

Secretary KNOX. Any records that would show that disbursement out of the emergency fund of the department would be an entry or entries in connection with other disbursements of the emergency fund, which the President has exclusively under his own control.

The CHAIRMAN. How do you know, Mr. Secretary, that this was paid out of the emergency fund?

Secretary KNOX. I was told so by the officers of the department.

The CHAIRMAN. On what theory would the painting of a portrait be paid for out of the emergency or secret fund of the department?

Secretary KNOX. Well, that is a matter on which your judgment is just as good as mine.

The CHAIRMAN. Have you no rule in the department that determines what character of indebtedness shall be paid out of a certain fund and what shall not be?

Secretary KNOX. Yes; the rule is that the emergency fund shall be used for international intercourse and matters connected therewith. I am told that since 1890 the portraits of the retiring Secretaries of State have been paid for out of the emergency fund; that that has been the invariable rule since 1890; that is all I know about it.

The CHAIRMAN. Is it not true that this emergency fund is given to the President by Congress in order to pay for certain things that the public perhaps ought not to be made familiar with?

Secretary KNOX. I think that is undoubtedly the sound theory.

The CHAIRMAN. In other words, that is given to him because it is paid out for services of a secret nature?

Secretary KNOX. Well, I do not know that you could properly characterize them as of a secret nature. The act of Congress speaks for itself in that respect. There has been a law on the statute books since the very first Congress of the United States which prescribes that the funds used by the President of the United States in the discharge of his exclusive constitutional functions as manager of our foreign affairs shall be made public or not as he, in his judgment, may think best for the public interest. That is practically the language of the statute; that is the spirit of it at any rate.

The CHAIRMAN. But the spirit and purpose of that statute, Mr. Secretary, as you have always understood it and construed it, is to protect the Government in any matters that need secrecy and ought not to be made public. Is not that true?

Secretary KNOX. Well, here is the language of the statute.

The CHAIRMAN. I would be glad to have you read it into the record.

Secretary KNOX. It is now carried as section 291 of the Revised Statutes:

Whenever any sum of money has been or shall be issued from the Treasury for the purposes of intercourse or treaty with foreign nations in pursuance of any law the President is authorized to cause the same to be duly settled annually with the proper accounting officers of the Treasury by causing the same to be accounted for specifically if the expenditure may, in his judgment, be made public and by making or causing the Secretary of State to make a certificate of the amount of such expenditure as he may think it advisable not to specify; and every said certificate shall be deemed a sufficient voucher for the sum therein expressed to have been expended.

That is the statute.

The CHAIRMAN. Now, then, the President concluded that the payment for this Day portrait is a matter that ought not to be made public?

Secretary KNOX. Well, that is asking me to tell you what the President at that time concluded in his own mind, and that I can not do.

The CHAIRMAN. But the President to-day declines to permit you to produce these books?

Secretary KNOX. The President declined to permit me to produce those books because the question as to what shall be made public and what shall not be made public is in the discretion of the President at the time the expenditure is made.

Mr. DENT. As I understand you, Mr. Secretary, the record that is called for contains other matters than those inquired about by the committee and for that reason the President declines to disclose it?

Secretary KNOX. If you will permit me, because it will be much more satisfactory, I will just read the correspondence that has passed between the President and myself, which will explain it in full.

The CHAIRMAN. You can read it or insert it in the record.

Secretary KNOX. I will send you copies of the letters. I did not get the subpoena until late last night and did not have time to bring you copies. This is my letter to the President:

DEPARTMENT OF STATE,
Washington, June 2, 1911.

To the PRESIDENT:

I have been summoned to appear before the subcommittee of the Committee on Expenditures in the State Department, a committee of the House of Representatives of the United States, of which the Hon. Courtney W. Hamlin is chairman, to testify touching matters of inquiry committed to said committee and not to depart without leave of said committee.

Among other things I am instructed to bring all books or other records in the Department of State showing any record or reference to a voucher for \$2,450, which, as the summons states, was signed by Albert Rosenthal and which was to cover the cost of painting the portrait of ex-Secretary of State, now Associate Justice of the Supreme Court of the United States, William R. Day.

The records of the department show that this expenditure was made from the emergency fund of the year 1903.

The emergency fund appropriation for that year reads as follows:

“To enable the President to meet unforeseen emergencies arising in the Diplomatic and Consular Service, and to extend the commercial and other interests of the United States, to be expended pursuant to the requirement of section two hundred and ninety-one of the Revised Statutes, seventy-five thousand dollars, or so much thereof as may be necessary.”

Section 291 of the Revised Statutes, under which the appropriation was to be expended and accounted for, reads as follows:

“Whenever any sum of money has been or shall be issued, from the Treasury, for the purposes of intercourse or treaty with foreign nations, in pursuance of any law, the President is authorized to cause the same to be duly settled annually with the proper accounting officers of the Treasury, by causing the same to be accounted for, specifically, if the expenditure may, in his judgment, be made public; and by making or causing the Secretary of State to make a certificate of the amount of such expenditure as he may think it advisable not to specify; and every such certificate shall be deemed a sufficient voucher for the sum therein expressed to have been expended.”

This expenditure was covered by a regular certificate issued under and pursuant to the authorization of section 291. Inasmuch as a compliance with this summons in the matter of producing the records containing statements regarding this voucher would be to place before the committee accounts which have been certified by one of your predecessors, President Roosevelt, as not proper under section 291 to be made public, I have to request your direction as to what my action in obedience to this summons shall be.

In this connection, it should be observed that in a message dated April 20, 1846, President Polk, replying to a resolution requesting him to furnish similar records to the House of Representatives, declined so to do. In the course of his message he said:

“It appears that within the period specified in the resolution of the House certificates were given by my immediate predecessor, upon which settlements have been made at the Treasury, amounting to \$5,460. He has solemnly determined that the objects and items of these expenditures should not be made public, and has given his certificates to that effect, which are placed upon the records of the country. Under the direct authority of an existing law, he has exercised the power of placing these expenditures under the seal of confidence, and the whole matter was terminated before I came into office. An important question arises, whether a subsequent President, either voluntarily or at the request of one branch of Congress, can without a violation of the spirit of the law revise the acts of his predecessor and expose to public view that which he had determined should not be ‘made public.’ If not a matter of strict duty, it would certainly be a safe general rule that this should not be done. Indeed it may well happen, and probably would happen, that the President for the time being would not be in possession of the information upon which his predecessor acted, and could not, therefore, have the means of judging whether he had exercised his discretion wisely or not. The law requires no other voucher, but the President’s certificate, and there is nothing in its provisions which requires any ‘entries, receipts, letters, vouchers, memorandums, or other evidence of such payments’ to be preserved in the executive department. The President who makes the ‘certificate’ may, if he chooses, keep all the information and evidence upon which he acts in his own possession. If, for the information of his successors, he shall leave the evidence on which he acts and the items of the expenditures which make up the sum for which he has given his ‘certificate’ on the confidential files of one of the executive departments, they do not in any proper sense become thereby public records.”

Respectfully submitted.

P. C. KNOX.

This is the President’s reply to me:

THE WHITE HOUSE, *June 2, 1911.*

SIR: In view of the facts and circumstances set forth in your letter, and of the fact that the emergency fund expenditures for this period have, under the express statutory authority of Congress, as contained in Revised Statutes, section 291, been certified by Mr. Hay, Secretary of State, for my predecessor, President Roosevelt, as being of such a character as ought not to be made public, I feel that nothing but some extraordinary circumstance would justify me in directing you to take such records before the committee named, because

the discretion thus exercised under the statute should, in my judgment, in general be conclusive and binding upon this point.

With respect to the particular expenditure in question, when the inaccuracy of the item was brought to your attention you immediately began an investigation to determine the circumstances and details of the expenditure, but have not yet completed the investigation or reached a conclusion as to the fact. Meantime, the item has become the subject of investigation before the House committee and has been made public. You will conclude your investigation and submit the matter to me, when I will determine whether the money was expended as directed by the Secretary of State within the lawful discretion conferred upon him by the statute, or whether it was dishonestly and improperly misappropriated. If I have reason to believe that the latter alternative is the true one, then I shall direct you to submit the result of your investigation with respect to the item to the committee. In the meantime I do not deem it proper that you should submit to the committee the telegrams and other steps, or partial details, of your investigation.

Sincerely, yours,

WM. H. TAFT.

Hon. PHILANDER C. KNOX,
Secretary of State.

The CHAIRMAN. Then, Mr. Secretary, you understand by the letter of the President that this particular item of expenditure, for the payment of this portrait, was by his predecessor, Mr. Roosevelt, regarded as coming under this particular section of the statute, to which you have just referred, and can not be made public?

Secretary KNOX. Well, Mr. Hamlin, I would prefer not to express an opinion upon that; the letter speaks for itself.

The CHAIRMAN. And then you also understand that the telegrams, cablegrams, and letters to Michael and Denby, called for in the subpoena, are also protected by authority of the President under that statute, do you?

Secretary KNOX. I understand that the direction to me by the President is specific, that I am not to disclose the steps of the investigation that I am making into the circumstances surrounding that transaction.

The CHAIRMAN. Then, in order to get the record straight, you decline to produce "all books or other record in your department showing any record or reference to said voucher above described?"

Secretary KNOX. I do, because those books contain a record of other disbursements under the emergency fund, and because I am directed by the President not to do so.

The CHAIRMAN. And you also decline to produce copies of—

letters, cablegrams, or telegrams sent by you or by your direction to William H. Michael and Charles Denby in relation to the payment by the State Department for painting of the portrait of William R. Day, and the said voucher signed by Alfred Rosenthal for the sum of \$2,450, together with the answer to said letters, cablegrams, or telegrams aforesaid that you may have received up to the time of your appearance before this committee?

Secretary KNOX. I do; because I am specifically directed by the President not to do so until the investigation is completed and they, with the result of the investigation, shall have been first submitted to him. The other branch of that, the sixth question, as to the cost for the transmission of messages to Michael and Denby, I have no objection to answering.

The CHAIRMAN. Do you know the cost of it? However, I care nothing for the cost unless I have the copies.

Secretary KNOX. I suppose not; but to be technically accurate about it, if you care to have it I can furnish it.

The CHAIRMAN. I do not care anything about it, although if you want to put it in you can.

Secretary KNOX. I dislike seeming to be disobliging; but I am acting under instructions.

Mr. DENT. I understand that under the instructions of the President you decline to disclose at present the final record of this portrait transaction because it would contain other information that ought not to be disclosed?

Secretary KNOX. Yes.

Mr. DENT. But as a matter of fact, you have made an investigation as to the original papers and voucher and they are not to be found in the State Department?

Secretary KNOX. That is, the voucher is not to be found.

Mr. DENT. There would be no objection, then, to producing the voucher if that could be found?

Secretary KNOX. I think in view of the fact that the whole purpose of this law was to prevent certain matters being made public that ought not to be made public, that if it is already made public the reason for the law seems to cease; and I can not see any objection to furnishing the voucher.

Mr. DENT. If that could be found; but that can not be found?

Secretary KNOX. It has not been found, after a most diligent search.

Mr. DENT. Then, you are not prepared to give the committee the result of any investigation that you have started?

Secretary KNOX. No; because I have not reached any result. The point of this investigation is that: There can not be any doubt that Rosenthal only got \$850 for that portrait, neither can there be any doubt that the original entry showed that it was \$2,450, that sum having been put upon the books as the price of the portrait. Now, how the difference between \$850 and \$2,450 was spent is the subject of this investigation, and I presume—of course, I am now volunteering my own impression about it—that if it is found that it was properly expended for legitimate business of the department in intercourse with foreign nations, and that it ought not to be made public, that will be the answer to the question—that is, if it is discovered that it was properly expended—notwithstanding the inaccuracy of the entry if it is found it was properly expended I assume that will be the end of it so far as the department is concerned. If, however, it is found that it has been improperly expended or has been filched by anybody, or that there has been anything improper about it, of course, then the greater publicity there is to it and the swifter the punishment of the parties involved the better we would all like it.

Mr. DENT. Has there been any portrait painted since your administration of this office?

Secretary KNOX. My immediate predecessor was Mr. Bacon, and my recollection is that Mr. Bacon's portrait was presented to the department; Mr. Root's portrait I am not sure about, whether that was paid out of the emergency fund or not; I could ascertain and let you know if you want to know.

Mr. DENT. I should be very glad to know whether, under your administration, you have applied this fund to the payment of portraits or to some other fund.

Secretary KNOX. I know that Mr. Bacon's portrait was given by Mr. Bacon himself. If the Root portrait was painted and paid for while I have been Secretary of State I would have no doubt it was paid for out of the emergency fund, just as the portraits have been paid for since 1890.

Mr. DENT. You think the same course would have been followed?

Secretary KNOX. I think so; it is altogether likely, but I will ascertain that and let you know.

The CHAIRMAN. Mr. Secretary, you do not commit yourself to the idea that a larger sum of money than is due an individual and receipted for by him should be drawn out of a fund in the department, do you?

Secretary KNOX. That it is proper to do that?

The CHAIRMAN. That a man will be required to receipt for more money than he actually draws?

Secretary KNOX. Certainly not; I should say that is a very irregular practice.

The CHAIRMAN. Unquestionably. Then, if this voucher contained only Mr. Rosenthal's signature and he only got \$850 but the voucher called for \$2,450, it would be inexcusable and execrable, would it not?

Secretary KNOX. Well, I would call it very bad bookkeeping, to say the least about it, and it puts the burden on the man who made it to explain it.

The CHAIRMAN. The difference between \$850 and \$2,450 is \$1,600. Now, if that \$1,600 were paid out for other legitimate expenses of the department, the parties to whom that was paid would also sign a voucher, would they not?

Secretary KNOX. Yes.

The CHAIRMAN. Unquestionably.

Secretary KNOX. They should do so.

The CHAIRMAN. And a voucher would be found to cover the payment?

Secretary KNOX. It should be.

The CHAIRMAN. And this voucher would have to go to the disbursing officer?

Secretary KNOX. I have had some practical knowledge of bookkeeping in business, and I say it should be in order to be consistent with proper accounting. I think, however, the President is right in his construction of the statute that I read some time ago, but I think a situation might arise where some people, under the authority of the President, could use money without any record.

The CHAIRMAN. That may be true; but——

Secretary KNOX. But that is a very extreme view.

The CHAIRMAN. Do you think the painting of a portrait ought to be paid for out of the secret fund? Now, you quote from the Polk message——

Mr. DENT. If it is true that the President has a right to use that secret fund, how can he use one voucher and intermingle the secret fund with a fund of the nature under investigation?

Secretary KNOX. Well, now, you are asking another question. Your first question had relation to the expenditure of \$1,600. I am not quoting that as applicable to the \$850, but as possibly applicable to the \$1,600 that Mr. Rosenthal did not get.

The CHAIRMAN. But no officer could properly and legitimately withdraw from the funds of the Government more money over my signature than was coming to me, could he?

Secretary KNOX. From my standpoint, absolutely not.

Mr. DENT. In other words, the President, under authority of section 291, could expend certain moneys in regard to international affairs without having any vouchers or making any record in any way?

Secretary KNOX. I think there would be no doubt about it. If the President of the United States found it was necessary in a critical situation to spend \$25,000, he would do it without making any record of it at all.

The CHAIRMAN. No voucher for that; but do you believe that the President could pay for the painting of a portrait out of that fund and then refuse to account or explain that purpose?

Secretary KNOX. Well, I do not understand that the President has refused to explain the amount of money that was spent for the portrait.

The CHAIRMAN. Well, the letters will speak for themselves.

Secretary KNOX. I think the testimony before this committee is perfectly explicit and clear on that point.

The CHAIRMAN. The point I am making is this: We agree with you that the President may expend this emergency fund under the statute, and he may do it even without having a voucher or explaining it to anybody, but do you believe that any President could pay me for a horse—that is, purchase a horse from me to-day, for instance—and pay for it out of the emergency fund and then refuse to account to the Government on the theory that he is protected under that statute?

Secretary KNOX. If he thought that horse was necessary for international intercourse, I think he could.

The CHAIRMAN. But it would take a very rash presumption upon the part of any man to conclude anything of that kind, would it not?

Secretary KNOX. Well, as I said a moment ago, you are a lawyer, and you were good enough to say that I am, and this is all a question of the construction of the statute. Your opinion is certainly as good as mine. I believe, however, that under the law you can not go behind the President's decision. I think this discretion is lodged in the President. That is my own personal judgment about it.

(Thereupon the committee adjourned.)

No. 5

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JUNE 6, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE
1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY WALKER HAMLIN, *Chairman*, Missouri.

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman*.

S. H. DENT, JR.

CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT,

Tuesday, June 6, 1911.

The subcommittee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

STATEMENT OF HON. ELIHU ROOT, A SENATOR FROM THE STATE OF NEW YORK.

The CHAIRMAN. Will you state your name, please?

Senator ROOT. Elihu Root.

The CHAIRMAN. What official position do you now occupy?

Senator ROOT. Senator from the State of New York.

The CHAIRMAN. What other positions in the Government have you occupied, if any, Senator?

Senator ROOT. I was Secretary of State from July, 1905, until the last of January, 1909. Before that I was Secretary of War, and for several years I was United States attorney in New York.

The CHAIRMAN. I will ask you whether, while you were Secretary of State, your attention was called to a certain voucher which had been signed by Albert Rosenthal, an artist, for painting the picture of ex-Secretary of State William R. Day?

Senator ROOT. It was.

The CHAIRMAN. By whom?

Senator ROOT. I think by Justice Day, but I can not be certain as to the first person speaking to me about it. My impression is that the first mention of it to me was by Justice Day.

The CHAIRMAN. Did you see that voucher?

Senator ROOT. I did.

The CHAIRMAN. Do you recall the amount of it?

Senator ROOT. The voucher was in two divisions on the face of the paper; the main portion of it appeared to be for \$2,450, with an approval for that amount by Secretary Hay; down underneath there was a separate paper with words to this effect, "Received the foregoing" in blank and signed by whatever the name of this gentleman was, the artist Rosenthal.

The CHAIRMAN. The only writing on it, then, was for the payment of the portrait of William R. Day, \$2,450?

Senator ROOT. No; it was not specified that this \$2,450 was for the portrait of William R. Day.

The CHAIRMAN. What was specified?

Senator Root. I do not recall the words. I can only give you the impression made upon my mind, which was that Mr. Hay had approved the payment of \$2,450 to Mr. Michael, the chief clerk, and that impression is probably partly made by the inferences drawn from the voucher and partly by subsequent explanations I received.

The CHAIRMAN. Was there any reference on that voucher to the painting of the portrait of William R. Day?

Senator Root. I could not tell you; I can not remember.

The CHAIRMAN. Well, if there was not a reference to the painting of the portrait, how could you identify that voucher with the painting of the portrait of William R. Day?

Senator Root. I did not undertake to identify the voucher. The voucher was brought to me as being the voucher which related to that transaction and which bore the receipt of Albert Rosenthal.

The CHAIRMAN. But the amount on the voucher was \$2,450?

Senator Root. Yes.

The CHAIRMAN. Who had that voucher when you saw it?

Senator Root. Oh, I do not remember.

The CHAIRMAN. To refresh your memory, was it Charles Denby, then the chief clerk?

Senator Root. Probably so. I know Mr. Denby was instructed to inquire into the matter.

The CHAIRMAN. By whom?

Senator Root. By me.

The CHAIRMAN. What became of that voucher?

Senator Root. I suppose it went back to the files in the ordinary course, but I do not know anything personally about it.

The CHAIRMAN. Have you been reading the testimony in relation to the matter?

Senator Root. I read what you sent to me.

The CHAIRMAN. Did you read the testimony of Thomas C. Morrison, the Chief of the Bureau of Accounts?

Senator Root. I read some of his testimony; I do not know whether it was all or not.

The CHAIRMAN. Do you not recall that he testified that the voucher never had been returned to the files?

Senator Root. I remember that; yes; or that he could not find it.

The CHAIRMAN. Now, you do not know, then, anything about what became of that voucher after you saw it?

Senator Root. No. The paper was brought in for me to see, just as thousands of papers are in the ordinary course of business, and it went away again in the same way.

The CHAIRMAN. Do you remember what particular person brought that voucher in to you?

Senator Root. No. It is a sort of thing that happens many times every day in the department.

The CHAIRMAN. Where did you have this conference with Justice Day that you speak of?

Senator Root. I could not tell you. I think he came to see me.

The CHAIRMAN. At your house?

Senator Root. Well, I can not remember that, but very likely.

The CHAIRMAN. Will you kindly state the conversation you had with Justice Day at that time?

Senator Root. I can give only the substance of it.

The CHAIRMAN. What he told you and what you said to him?

Senator Root. He told me, in substance, that a statement had been made that some \$2,400, or thereabouts, had been paid for a portrait of him which, as he understood, was to be paid for at only \$850. I am giving these amounts rather from subsequent information than because I really remember the amounts that he stated; but it was, at all events, that the statement had been made that a picture of him for which he understood a small amount was paid had been represented as costing a much larger amount, and undoubtedly he gave these figures, and no doubt I told him I would have it investigated, for I immediately afterwards did direct an investigation.

The CHAIRMAN. Whom did you direct to investigate this matter?

Senator Root. I think Mr. Denby.

The CHAIRMAN. The chief clerk?

Senator Root. I naturally would, because he was chief clerk at the time.

The CHAIRMAN. Do you remember whether he did make an investigation?

Senator Root. I believe so.

The CHAIRMAN. You are not certain of that?

Senator Root. That is my recollection, that he did.

The CHAIRMAN. Have you any recollection as to the result of that investigation or, I will first ask you, whether he ever made a report to you?

Senator Root. Yes; he made a report, I think an oral report. I do not think he ever made a written report.

The CHAIRMAN. If he had made a written report that report would be on file in the department?

Senator Root. Undoubtedly.

The CHAIRMAN. But you think the report was a verbal or oral report?

Senator Root. I think so. There was a communication sent to Mr. Michael, who was then consul at Calcutta, I think; I think he had already gone.

The CHAIRMAN. You mean that a communication or inquiry had been sent to Michael?

Senator Root. Yes.

The CHAIRMAN. Was there any reply to that inquiry?

Senator Root. I think so.

The CHAIRMAN. Do you know where his reply is?

Senator Root. No; I do not.

The CHAIRMAN. Was it put on file in the department?

Senator Root. That I do not know.

The CHAIRMAN. Would it naturally be put on file?

Senator Root. It would naturally be put on file, yes.

The CHAIRMAN. Did you ever see that reply?

Senator Root. I think so.

The CHAIRMAN. Do you recall what that reply contained?

Senator Root. In substance, that he had been directed by Mr. Hay to make payments for several matters out of what is called the emergency fund, that is the nonaccountable fund, and that those different matters aggregated \$2,450, one of them being the \$850 for the Day portrait, and that he received the money from the disbursing officer in accordance with Mr. Hay's direction and paid it out in ac-

cordance with his directions for these various matters. Now, that is the substance of his explanation.

The CHAIRMAN. Well, did Mr. Michael in this report or communication state what these other items were for?

Senator ROOT. I do not remember; I think not.

The CHAIRMAN. You do not think so. You do not think he pretended to give any explanation or statement of what the other \$1,600 was paid for, other than that it was paid under the direction of the Secretary?

Senator ROOT. Well, if he did, I do not recall it.

The CHAIRMAN. Now, what disposition did you make of that report when this information was conveyed to you?

Senator ROOT. Of Mr. Michael's report?

The CHAIRMAN. Of this investigation that you said you had ordered.

Senator ROOT. Well, I became satisfied that the \$2,450 was paid out to Mr. Michael with Mr. Hay's approval, and I had no reason to doubt it had been expended in accordance with that.

The CHAIRMAN. Did you have any other evidence that the \$1,600 had been expended other than Mr. Michael's report on it?

Senator ROOT. No.

The CHAIRMAN. Did you institute any further investigation?

Senator ROOT. No.

The CHAIRMAN. Now, Senator, was it the practice in that department, while you were Secretary of State, to permit larger sums of money than were due an individual to be drawn on the receipt or voucher of the individual?

Senator ROOT. No.

The CHAIRMAN. Well, that was done in this case, according to Mr. Michael's own statement, was it not?

Senator ROOT. I think not.

The CHAIRMAN. Was not this \$2,450 drawn on a voucher signed alone by Rosenthal, and in which Rosenthal only had an interest of \$850?

Senator ROOT. I do not know what part that voucher played in drawing the money.

The CHAIRMAN. Could the money have been drawn without that voucher or without a voucher?

Senator ROOT. Yes; but it could not have been drawn without a direction from Mr. Hay, and that direction was on the paper.

The CHAIRMAN. Can any account be taken out of that fund without the direction of the Secretary of State, or without the approval of the Secretary of State indorsed upon the voucher?

Senator ROOT. No account can be paid out of that fund without the approval of the Secretary of State. Of course, there are many other funds, many other appropriations, where money is paid in the ordinary course of business, which never go to the Secretary of State.

The CHAIRMAN. I understand that, but I am talking about this emergency or secret fund. Now, this \$850 that was paid to Rosenthal was taken out of that emergency fund, was it not?

Senator ROOT. Apparently, yes.

The CHAIRMAN. And Mr. Michael could not have gotten a cent out of that fund without the approval of the Secretary of State, could he?

Mr. DENT. Or the President?

Senator ROOT. Or the President, of course.

The CHAIRMAN. And this voucher which you saw was for \$2,450 and signed alone by Rosenthal; that is true, is it not?

Senator ROOT. I think there were two indorsements on that same paper, one was the approval of the Secretary of State and the other was the receipt of Rosenthal.

The CHAIRMAN. Certainly; but Rosenthal's receipt covered the whole \$2,450?

Senator ROOT. It purported to cover everything which preceded it on the sheet.

The CHAIRMAN. And that covered the whole \$2,450?

Senator ROOT. Apparently, yes.

The CHAIRMAN. Now, you never pursued any other investigation than that which you have mentioned in relation to the matter?

Senator ROOT. No.

The CHAIRMAN. Did you pay for any portraits while you were Secretary of State?

Senator ROOT. I am not quite certain; I may have paid for the portrait of Mr. Hay.

The CHAIRMAN. If you did, do you know out of which fund you paid for it?

Senator ROOT. Probably out of that fund.

The CHAIRMAN. Would you have paid for a portrait out of that fund, Senator?

Senator ROOT. I would.

The CHAIRMAN. Do you recall for what purpose that fund is given to the President?

Senator ROOT. Well, I think you will have to look at the statute, which I do not carry in my mind now.

The CHAIRMAN. I will read that section of the statute or a portion of it. Section 291 of the United States Statutes at Large reads: "Whenever any sum of money has been or shall be issued from the Treasury for the purposes of intercourse or treaty with foreign nations in pursuance of any law the President is authorized," and so forth. Now, can any part of that money be used legitimately for any purpose excepting for the purposes of intercourse or treaty with foreign nations?

Senator ROOT. Well, you can draw your own inference from the statute.

The CHAIRMAN. What is your inference? You have been Secretary of State; how would you construe that?

Senator ROOT. I suppose that the money drawn under that statute should be applied to the purposes named in the statute. What section is that?

The CHAIRMAN. Section 291. Would the paying for a portrait be in the interest or for the purposes of intercourse or treaty with foreign nations?

Senator ROOT. Well, I do not know whether the payment would come out of this fund or under this section.

The CHAIRMAN. As a matter of fact, it could not legitimately come under that section, could it?

Senator ROOT. Well, I do not know. I do not care to express any opinion upon that. It has been a custom, existing for a great many

years, time out of mind, both in the State Department and in the other departments, followed by whatever party has been in control, to secure for the departments the portraits of the heads of departments. You will find on the walls of the State Department the portraits of every Secretary of State the United States has had, I think, and I think you will find in the Department of Justice the portrait of every Attorney General, and so of every Secretary of War, and every Secretary of the Navy, and every Secretary of the Treasury. The subject is one which has been before Congress a great many times; it has been perfectly understood that the custom existed, and that the portraits were secured and the payments were made out of the general funds which were at the disposal of the heads of the departments; and Mr. Hay undoubtedly followed that custom in securing the portrait of his predecessor, Mr. Day, and while I can not be certain I presume the same custom was followed in securing a portrait of Mr. Hay in my time.

The CHAIRMAN. Then it is simply a custom, you say, that has grown up in the department?

Senator Root. Yes.

The CHAIRMAN. To pay for these portraits in that way?

Senator Root. It has grown up in the Government, and in the department, and with the full knowledge of both branches of Congress.

The CHAIRMAN. I am speaking of the emergency fund. You think it proper to pay for these portraits out of this emergency fund?

Senator Root. I can not tell you out of what fund the payment was made.

The CHAIRMAN. The question I asked you was whether you had paid for a portrait, and if you did pay for a portrait while you were Secretary of State did you pay or would you have paid for it out of this emergency fund?

Senator Root. That I can not tell you.

The CHAIRMAN. You do not know?

Senator Root. No.

The CHAIRMAN. As a lawyer I will ask you if you think you could have paid for it out of the emergency fund in the light of this statute?

Senator Root. Well, I would rather not give an opinion on it as a lawyer. It is perfectly manifest I should require time in which to make a careful examination of the statutes in order to be able to give an opinion that would be of any value.

The CHAIRMAN. I want to ask one other question, and in doing that I wish to call your attention specifically to section 193 of the United States Statutes at Large, which section reads as follows:

The head of each department shall make an annual report to Congress, giving a detailed statement of the manner in which the contingent fund for his department, and for the bureaus and offices therein, has been expended, giving the names of every person to whom any portion thereof has been paid; and if for anything furnished, the quantity and price; and if for any service rendered, the nature of such service, and the time employed, and the particular occasion or cause, in brief, that rendered such service necessary; and the amount of all former appropriations in each case on hand, either in the Treasury or in the hands of any disbursing officer or agent. And he shall require of the disbursing officers, acting under his direction and authority, the return of precise and analytical statements and receipts for all the moneys which may have been from time to time during the next preceding year expended by them, and shall communicate the results of such returns and the sums total, annually, to Congress.

Did you comply or cause that statute to be complied with while you were Secretary of State?

Senator Root. I presume so, but I can not tell you.

The CHAIRMAN. You do not know?

Senator Root. I do not know.

The CHAIRMAN. I will call your attention to the fact that it is testified to before our committee that that statute was not complied with prior to the year 1907, and yet it was enacted August 26, 1842. You do not know whether you complied with that statute or not?

Senator Root. I do not.

The CHAIRMAN. Or whether it had been the practice of the department to report to Congress under this statute?

Senator Root. No; I do not. When did you say it was, 1907?

The CHAIRMAN. It was testified by a witness on Saturday, I believe, Secretary Knox, or perhaps Mr. Carr, that it had not been complied with prior to the year 1907.

Senator Root. Well, I have a faint recollection of finding that there was some statute that was not being complied with and calling upon the accounting officers of the department to comply with it; probably it is that statute; if it was in 1907, undoubtedly it is that.

Mr. DAVIS. You state that as soon as you learned from Justice Day that there was a controversy concerning the payment for this picture that you caused an investigation to be instituted, but you do not state what this \$2,450 was paid for as the result of your investigation; am I correct in that?

Senator Root. Except the \$850, which was paid to Mr. Rosenthal; the other \$1,600 I did not state, because I do not know.

Mr. DAVIS. Well, as the result of your investigation, did it appear that the whole \$2,450 was paid for the picture?

Senator Root. No; it appeared that \$850 was paid for the picture and \$1,600 for other things which Mr. Hay directed Mr. Michael to pay.

Mr. DAVIS. A witness testified before the committee a day or two ago, and it was Secretary Knox; I was absent, but I take it from the record; he stated that as soon as the matter was called to his attention, this same matter about the picture, he began an investigation, and he says he called before him Mr. Carr and wanted to know what the records showed concerning it. Now, I will read to you what purports to be Secretary Knox's statement: "I then asked for Mr. Carr, and Mr. Carr came in to see me; I told him I wanted to know just what the records of the department showed in respect to what Mr. Rosenthal received for the painting of that portrait," referring to Justice Day's portrait, "and Mr. Carr reported to me that the original entry showed that there had been \$2,450 paid for it." Now, was anything of that kind disclosed to you as the result of your investigation?

Senator Root. Why, yes. My impression would be that the entry showed the payment for that and other things, \$2,450; but it is pretty difficult to be certain about an entry after so many years.

Mr. DAVIS. Well, Secretary Knox seems to be very specific, as he is in all of his testimony. He says: "I told him I wanted to know just what the records of the department showed," and that Mr. Carr said to him, as follows: "That the original entry showed that there had been \$2,450 paid for it"—that is, for this picture. Now, if the orig-

inal entry showed that, is it not a little strange that as a result of your investigation that fact was not disclosed to you?

Senator Root. If the record shows it it was undoubtedly disclosed to me, but my impression is that the record showed a payment for that and other things, but I will not be positive about it.

Mr. DAVIS. Mr. Carr is still an employee in the State Department?

Senator Root. Yes, sir.

Mr. DAVIS. He was there at the time you were there?

Senator Root. Mr. Carr was there in a different capacity; Mr. Carr was in charge of the Consular Service, at the head of the Consular Bureau; he is now, I think, chief clerk.

The CHAIRMAN. No; he is now Director of the Consular Bureau.

Senator Root. Well, he succeeded Mr. Denby as chief clerk, if I remember correctly; but I would not undertake to be very positive about an entry, especially when I must depend upon my memory after five or six years.

Mr. DAVIS. The reason for my asking you this is that Mr. Carr apparently know what he was talking about when he talked to Secretary Knox.

Senator Root. Undoubtedly.

Mr. DAVIS. And it struck me as being peculiar that you should have instituted an investigation and did not ascertain this fact, that the records are as Mr. Carr stated?

Senator Root. If the records are as Mr. Carr stated, then I knew it at the time.

Mr. DAVIS. Following that up, Secretary Knox then said, "How can it be that a payment of \$850 should be charged on the books of the department as having been \$2,450?" And said, "I want a thorough investigation of this matter begun at once." So you see, Secretary Knox understood, as I understand his testimony now, that the entry on the books showed \$2,450 paid for this picture, and I presumed the records would have shown the same then; hence my asking you whether that was not disclosed to you as the result of your investigation.

The CHAIRMAN. Senator, this section of the statute, to which I called your attention a few moments ago—section 291—has in it this language in regard to this emergency fund:

The President is authorized to cause the same to be duly settled annually with the proper accounting officers of the Treasury by causing the same to be accounted for specifically if the expenditure may, in his judgment, be made public, and by making or causing the Secretary of State to make a certificate of the amount of such expenditure as he may think it advisable not to specify.

In your investigation of this matter, did you find such a certificate made by the President, or by your predecessor, covering this particular item or items?

Senator Root. Mr. Hay?

The CHAIRMAN. Yes.

Senator Root. I do not recall any, unless it were that the approval with reference to this particular fund amounted to that.

Mr. DENT. There was no specific direction to pay this out of the emergency fund that you found?

Senator Root. I think there was.

Mr. DENT. A specific direction?

Senator Root. My impression is Mr. Hay's approval referred to this fund.

Mr. DENT. And that it was on this particular voucher?

Senator Root. Yes; I think so. And in the very nature of things the disbursing officer would not have paid unless he had known what to charge it up to in some way; he would have had to have a voucher or a direction referring to some appropriation in order to make the entry in his books.

Mr. DENT. The usual form of this certificate, Senator, does not contain anything but the amount, and it is not required that it should contain anything to be stated except the amount, only that it was paid out of this secret fund?

Senator Root. It would have to make a reference to the fund out of which the payment was to be made, because it is that only which absolves——

Mr. DENT. I am talking about the Secretary of State requiring certain things to be paid out of this secret or emergency fund; that only requires the amount to be stated and not the name of the party or any of the facts?

Senator Root. That is all.

Mr. DENT. Now, was it customary——

Senator Root. And that was the case, as I recall it, with Mr. Hay's minute on this paper, that it stated the amount or referred to the amount, but not to any name.

Mr. DENT. No receipt is even required, as I understand it?

Senator Root. No.

Mr. DENT. When a payment is made out of this fund?

Senator Root. No.

Mr. DENT. Now, was it customary to mix in one voucher a payment in connection with foreign affairs with a payment for matters relating purely to domestic affairs?

Senator Root. Well, I should think that the lines between different payments are not drawn with reference to foreign affairs and domestic affairs: they are drawn according to the distinctions between appropriations. If there were two payments to be made out of this particular appropriation, which is called the emergency fund, they might well be made under one direction, one order or warrant from the Secretary of State, even though one of them related to foreign affairs and one to domestic affairs, that is, so far as domestic affairs come under the State Department, the lines being drawn on appropriation lines.

Mr. DAVIS. Do you know Mr. Thomas Morrison?

Senator Root. I do.

Mr. DAVIS. He is the disbursing clerk of the department?

Senator Root. Yes.

Mr. DAVIS. Was he disbursing clerk at the time you were Secretary of State?

Senator Root. Yes, sir.

Mr. DAVIS. Of course, you also know Mr. Denby, who was then chief clerk?

Senator Root. Yes.

Mr. DAVIS. Mr. Morrison, in substance, has testified that all the papers pertaining to the painting of this picture by Rosenthal were in his possession as disbursing clerk and that they were withdrawn by Mr. Denby, the chief clerk, all the papers, including this voucher, and that this was under your administration. Did you order the withdrawal of these papers?

Senator Root. No; not except as I directed Mr. Denby to make an investigation, which would naturally involve going to the files and taking the papers for the purpose of examination.

Mr. DAVIS. Mr. Morrison says they were withdrawn by Mr. Denby and, as he supposes, at the direction of the Secretary, the then Secretary, which was yourself, and that they have not been returned to him since. Do you know anything about that, Senator?

Senator Root. No; I know nothing except that the direction given to Mr. Denby to investigate the circumstance would necessarily involve his getting possession of the papers, but in the ordinary course of business the papers would go back to their proper place in the pigeonholes or in the files, and I supposed, of course, that they had.

Mr. DAVIS. Then if they are not back in the files it is contrary to regulation, is it?

Senator Root. Certainly.

Mr. DAVIS. Is it the custom for an officer having charge of vouchers to allow them to be taken from the files?

Senator Root. Well, I suppose so, if they are wanted in the department. It depends on what you mean by taking them from the files. Do you mean taking them away from the particular place of deposit?

Mr. DAVIS. Yes; and keeping them for several days at a time.

Senator Root. Oh, that would frequently happen, undoubtedly.

Mr. DAVIS. Is not that done only upon the direction of the head of the department, for instance, of the Secretary of State?

Senator Root. Oh, no.

Mr. DAVIS. Has the chief clerk, for instance, a right to go to the disbursing officer and demand these vouchers out of his possession?

Senator Root. I should say yes.

Mr. DAVIS. You think he has?

Senator Root. I should think so; yes. I have never known any question to be raised about it. The papers which are in the files are in frequent use, are frequently called for by the various branches of the department, and certainly I have no doubt that the chief clerk would be entitled to send for papers from those files. Probably the practice would require a note to be made, in some way, and put with the file, to show that the papers went into the hands of the chief clerk.

Mr. DAVIS. In this particular case, then, assuming Mr. Morrison's testimony to be true, that Mr. Denby called for all these papers as chief clerk and he surrendered them to him as chief clerk, without any further direction from you as Secretary of State, would that be a proper and legitimate way of doing business?

Senator Root. I should say so; yes.

Mr. DAVIS. Without any specific direction from you?

Senator Root. Yes.

Mr. DAVIS. It would be proper for the chief clerk to go there and demand these papers and these files?

Senator Root. Yes; I should say so.

Mr. DAVIS. Did you give any specific directions that you now recollect?

Senator Root. I do not recollect. I do not think I would have given any in the ordinary course of business, and I do not recall any.

Mr. DAVIS. Well, Senator, you state that you think that would be proper, but is that a mere supposition on your part or do you know of your own knowledge that it is the custom?

Senator Root. That the chief clerk should——

Mr. DAVIS (interposing). Go and demand papers and vouchers of the custodian of such papers and vouchers and take them away? Is that the custom of the department, do you know of your own knowledge?

Senator Root. I could not tell you.

Mr. DAVIS. You could not say?

Senator Root. No.

Mr. DAVIS. I have been informed by one of the old officials in the Secretary of the Treasury's office that that is not permissible, and that is why I am asking this question. He says that it is never allowed except on the direct order of the Secretary himself; that one subordinate can not go and demand the records and files; that he may look at them, but to take them from the custodian's office is absolutely prohibited.

Senator Root. Well, there may be a little difference in the organization of the Treasury Department and the State Department. The chief clerk is the head of the clerical force of the State Department, and I suppose the Chief of the Bureau of Accounts is an officer subordinate to the chief clerk.

Mr. DAVIS. Would not the chief clerk of the Treasury Department have the same authority over the subordinate officer who was the custodian of papers in the Treasury Department?

Senator Root. That I can not tell you. I should think, however, that the relations between the auditors and the Comptroller of the Treasury Department and the chief clerk would be quite different; I think they are rather independent officers; that is my impression, but as testimony it is not worth anything.

The CHAIRMAN. Senator, if this \$1,600, the difference between the \$850 paid Rosenthal and the \$2,450 drawn from this fund, was paid out for other purposes, would there not be vouchers for those payments?

Senator Root. Not necessarily; no.

The CHAIRMAN. Do you mean to state that this fund will be paid out without any receipt being taken or any memorandum being made showing how it is paid out?

Senator Root. Yes; it might well be paid out without any receipt being taken; that is a matter that is committed by law to the Secretary of State.

The CHAIRMAN. But this certificate that the Secretary of State, or the President through the Secretary of State, is permitted to make, throwing the veil of secrecy over this expenditure, would, under the law, cover only certain things that ought to be kept secret. Is not that true?

Senator Root. I suppose; yes.

The CHAIRMAN. Now, then, if this money should be paid for some things that ought not to be kept secret, or about which there is no necessity for secrecy, how is the Secretary to know, if there is no memorandum made of the payment or voucher taken, to whom the payments have been made or for what purposes they were made?

Senator Root. I suppose the Secretary must know what has been paid and know what the money is expended for.

The CHAIRMAN. He would know that by vouchers that would be taken at the time the payment was made, would he not?

Senator Root. Well, he would know it if vouchers were taken, but there may well be payments made, and there are payments made, for which no vouchers could well be taken. I suppose that perhaps the most important of the payments that would be made out of what you may call a secret fund would be payments that would be made without vouchers.

The CHAIRMAN. Would they be made through the chief clerk?

Senator Root. They might be; they might be made through anybody whom the Secretary of State selected to make the payments.

The CHAIRMAN. Is the chief clerk, who has charge of the local office here, the usual medium through whom these payments are made for which no vouchers are taken?

Senator Root. You can not say that he is the usual medium or that anybody is, because those things are not frequent enough to establish a custom. You can well understand that there are very different conditions at different times. During Mr. Hay's time we were just closing up the war with Spain, and undoubtedly there were many payments being made during that period—during the period of the war and succeeding the war—for which no vouchers would be taken. Coming along down to my time, in the summer of 1905, we had entered upon new conditions, and I do not recall any payment in my time for which a voucher might not be taken, though there may have been.

The CHAIRMAN. Senator, do you know one Jacob H. Hollander?

Senator Root. Yes; I do.

The CHAIRMAN. Do you remember the circumstance of his being selected to perform certain services down in Santo Domingo during your administration as Secretary of State?

Senator Root. I do.

The CHAIRMAN. Do you remember upon whose recommendation he was appointed?

Senator Root. I knew him before. He was a professor, or an assistant professor, in Johns Hopkins University. Back in, I think, 1899 or 1900, when I was Secretary of War, and was looking for some one to straighten out the finances of Porto Rico, I made inquiry as to the best man for that work, and some one—I do not now recall—mentioned Prof. Hollander to me; and I wrote to the university authorities, probably to Dr. Gilman, asking if they would lend Mr. Hollander to the Government, give him a leave of absence, in order that he might go down and straighten out the Porto Rican finances, and they did so. I had at that time never seen him. He went to Porto Rico, and his services there were very satisfactory to everybody concerned, so much so that when Congress passed a law providing for a civil government, or taking Porto Rico out of the hands of the War Department, the President appointed Mr. Hollander treasurer, and he continued for several years in that office, as treasurer of Porto Rico. Then when the affairs of Santo Domingo got into such shape as apparently to require this Government to do something about them Mr. Hay employed Mr. Hollander to go to Santo Domingo and make an investigation into the finances and economic and industrial conditions there, which he did, and he made a report, a very full report, which was put in print and was the basis of our knowledge about the affairs there. That was the recommendation of Mr. Hollander. So that when I wanted somebody to help the Do-

minicans settle their debt and refund it, I sent for Mr. Hollander to exercise the good offices of the United States in assisting them to do it.

The CHAIRMAN. And did you introduce Mr. Hollander to the Dominican representative, telling him that he was a proper man to advise them in relation to their matters down there?

Senator Root. Well, I can not tell the form of words I used. I presume I introduced him probably to Mr. Velazquez, who came here to conduct their affairs; I probably introduced him and told him that Mr. Hollander would render all the assistance in his power.

The CHAIRMAN. Well, was that introduction such as would lead Señor Velazquez to believe that Hollander would represent his Government?

Senator Root. Well, I should think not. I do not see how it could be. That was not my idea.

The CHAIRMAN. Did you intend to convey such an idea as that?

Senator Root. No.

The CHAIRMAN. Did you afterwards agree that Hollander should receive \$1,000 a month as salary from our Government and also such compensation from the Dominican Government as that Government might be disposed to give him?

Senator Root. No; never for the same service or for the same period. There came a time, long after, when Mr. Hollander had ceased to be employed by the United States——

The CHAIRMAN. I am not speaking of that.

Senator Root. When I was informed that he was employed by the Dominican Government.

The CHAIRMAN. Now, he did not cease his employment with the United States until July 31, 1908, did he?

Senator Root. That is correct.

The CHAIRMAN. I am speaking about a time in January, 1907. Who was Assistant Secretary of State at that time?

Senator Root. Robert Bacon.

The CHAIRMAN. I will ask you if it is true that Mr. Bacon brought Mr. Hollander to your office and told you that he had agreed with Hollander to pay him \$1,000 a month as salary and expenses, and had also agreed that Hollander might receive such compensation from the Dominican Government as that Government might feel disposed to give him, and that you agreed to it?

Senator Root. No; nothing of the sort ever happened. It very likely was told that Hollander was to receive \$1,000 a month.

The CHAIRMAN. But the point I was getting at was, did you as Secretary of State, consent that he might also receive compensation from the other Government?

Senator Root. Certainly not for the same time or for the same services.

The CHAIRMAN. That is what I am talking about. During the particular time I am inquiring about he was in the employ of our Government, was he not?

Senator Root. In January, 1907?

The CHAIRMAN. January, 1907.

Senator Root. Well, I should think so; my recollection of dates is not very clear; that is, as to when he began, but I think in 1906.

The CHAIRMAN. Mr. Hollander testified that he started in June, 1906, and terminated his connection with our Government July 31, 1908. Now, Senator, as a matter of fact do you know how much money he received from the Dominican Government?

Senator Root. Not of my own knowledge.

The CHAIRMAN. You have heard that it was \$100,000, have you not?

Senator Root. I have heard that the papers indicate \$25,000 in cash—

The CHAIRMAN (interposing). And \$75,000 in bonds?

Senator Root. Yes.

The CHAIRMAN. You also know, do you not, that he received this money in December, 1908?

Senator Root. My recollection is that the papers that came to me in January, 1909, showed that. Mr. Chairman, there was a record made of just what the understanding was at the time the matter first came to my knowledge—that is, the matter of his being employed by the Dominican Government.

The CHAIRMAN. Do you know where that record is?

Senator Root. I have with me a copy of two papers which will show.

The CHAIRMAN. Of what dates are you now speaking?

Senator Root. The 14th of January, 1909. That is the first time that I knew of his being in the employment of the Dominican Government.

The CHAIRMAN. That is the time you first learned that he was in the employ of the Dominican Government?

Senator Root. Yes.

The CHAIRMAN. Right in that connection I want to call your attention to Mr. Hollander's testimony and see what you say about it:

Dr. HOLLANDER. On December 11, the order [referring to this order for \$25,000 in cash and \$75,000 in bonds] was prepared; on December 15, 1908, I consulted the department and received its approval.

The CHAIRMAN. That is, you consulted Mr. Bacon?

Dr. HOLLANDER. Who communicated with Mr. Root and then communicated with me.

Now, is that true? On December 15, 1908, did you know about this?

Senator Root. No; he is mistaken.

The CHAIRMAN. You did not?

Senator Root. No.

The CHAIRMAN. When was the first you heard of it?

Senator Root. In January, 1909, the following month.

The CHAIRMAN. Did you ultimately approve the payment to Hollander of this \$100,000?

Senator Root. I did not.

The CHAIRMAN. As Secretary of State?

Senator Root. I did not. I put in writing a statement of the conditions precedent to its being approved, and handed to Mr. Hollander a statement of what would be necessary in order that it should be approved.

The CHAIRMAN. Have you that statement?

Senator Root. Yes.

The CHAIRMAN. Do you care to produce it?

Senator Root. Yes; I will do so.

The CHAIRMAN. Now, in that same connection, while you are looking that up, I want to ask you whether, as Secretary of State, you wrote a letter to Hollander reproving him sharply for receiving compensation from both the Dominican Government and the United States Government for this service?

Senator Root. I do not remember. I saw Hollander.

The CHAIRMAN. Well, did you reprove him in person for his conduct in that connection?

Senator Root. Well, I do not remember whether I reproved him; I expressed my unwillingness to approve.

The CHAIRMAN. Did you give him to understand that you did not approve of his conduct in that connection?

Senator Root. I think he certainly must have understood it from what I said to him.

The CHAIRMAN. Do you remember what you said to him?

Senator Root. No; I remember that I gave him this paper and told him that before the payment to him could be allowed to pass and be registered in the Bureau of Insular Affairs there must be a statement from the Government of Santo Domingo in substance in accordance with this memorandum.

The CHAIRMAN. You have no objection to this memorandum going into the record?

Senator Root. No.

(Said memorandum is as follows:)

[Memorandum of letter to be written by Mr. Velasquez to the department, handed to Mr. Hollander by the Secretary, January 19, 1909.]

In making the order of December 11, 1908, upon the Mortou Trust Co. directing the payment of \$25,000 in cash and \$75,000 in new 5 per cent bonds to Jacob H. Hollander, Mr. Velasquez was aware of the fact that Mr. Hollander had been for a long period prior to August 1, 1908, in the receipt of regular payments by the Government of the United States for his services in assisting the Government of Santo Domingo in connection with the settlement of the debt and the carrying out of the terms of the treaty between the United States and Santo Domingo, and that the payments provided for by this order were for services subsequent to that or for services other than the services paid for by the United States.

Senator Root. That is a statement of my understanding put in writing and given to Mr. Hollander on that date, according to the memorandum made at the top.

The CHAIRMAN. And you refused to visé the order unless he got such a statement from the Dominican Government?

Senator Root. Yes, sir. No such statement was received up to the time that I went out of the State Department, and, accordingly, the order was never registered.

The CHAIRMAN. Have you followed the matter up sufficiently, Senator, to say whether any such statement as you required was ever received by the State Department from the Dominican Government?

Senator Root. I do not know, but my understanding is that there was about a year afterwards.

The CHAIRMAN. To refresh your memory, was not the statement to which you refer to the effect that they did not know, when they gave that order to Hollander for \$100,000, that he was in the employ of the United States Government, but notwithstanding the fact that

they did not know it they were still willing for the order to go through—is not that the statement to which you refer?

Senator Root. Well, that I can not tell you.

The CHAIRMAN. Well, that is already in the record; that letter has been produced and is now in the record, and also the facts.

Senator Root. There was also a letter, if I can find it, written by me on the 14th of January, 1909, which was, I think, the very day when I was first informed about this transaction, and which contains a statement of my understanding at that time. I do not know, Mr. Chairman, whether the committee understands that the accounting office dealing with all these matters was the Insular Division of the War Department.

The CHAIRMAN. Yes; we understand that.

Senator Root. That with regard to the disposition of the new bonds that were issued, and the disposition of the moneys received for the new bonds, the function of the State Department was simply to see whether the object conformed to the objects specified in the treaty, and the fiscal agent of the Dominican Republic reported once a month, I believe it was, to the Insular Bureau as to the delivery of the bonds and the payments which they had made. and those papers and vouchers were submitted to the State Department for the purpose of seeing whether they conformed to the treaty. It was in January, about the 14th of January, 1909, that Gen. Edwards, Chief of the Insular Division of the War Department, came to me and to Mr. Bacon and said that it appeared from the reports that had come from this fiscal agent that \$25,000 in cash and \$75,000 in bonds had been paid over to Dr. Hollander, and that was my first knowledge on the subject, and I am quite sure it was Mr. Bacon's first knowledge. I will hand you a copy of the letter about which I spoke.

The CHAIRMAN. You want to put that in the record?

Senator Root. Yes; it is a letter from the Secretary of State to the Secretary of War, dated January 14, 1909.

The CHAIRMAN. Let that go in; and if you have any other communications that you desire to put in the record you can put them in, Senator.

Senator Root. No; I do not think of any.

The CHAIRMAN. We want to get all the information we can on the subject.

(The letter referred to is as follows:)

[Copy of a letter written by the Secretary of State to the Secretary of War, under date of Jan. 14, 1909.]

DEPARTMENT OF STATE,
Washington, January 14, 1909.

The honorable the SECRETARY OF WAR.

SIR: Under the convention concluded February 8, 1907, between the United States and the Dominican Republic, the proceeds of an issue of Dominican bonds amounting to \$20,000,000 are to be applied first to the payment of debts and claims as adjusted, and, second, out of the balance remaining, to the retirement and extinction of certain concessions and harbor monopolies which are a burden and hindrance to the commerce of the country, and, third, the entire balance still remaining to the construction of certain railroads and bridges and other public improvements necessary to the industrial development of the country.

A considerable amount of the bonds of this issue and a large amount of cash are now in the hands of the Morton Trust Co., subject to be applied in accord-

ance with these provisions of the convention, and the United States, as well as Santo Domingo, has an immediate interest in seeing that they are applied in accordance with the provisions of the convention.

In the executive order containing general regulations for the government of the Dominican customs receivership, under the said convention, prepared upon consultation between the State and War Departments, it is provided that "the Bureau of Insular Affairs of the War Department shall have immediate supervision and control of the receivership pursuant and subject to such directions in regard thereto as shall be received from the President directly or through the Secretary of State."

In accordance with these provisions of treaty and regulation, the Morton Trust Co. was instructed by letter of the Chief of the Bureau of Insular Affairs, dated March 21, 1908, that the money and bonds referred to were to be drawn "only on orders signed by the minister of finance of the Dominican Republic, indorsed registered at the Bureau of Insular Affairs as drawn in conformity with the convention of February 8, 1907."

This arrangement contemplated that the various drafts or orders upon the Morton Trust Co. for the payment of money or the delivery of bonds should be sent to the State Department for examination and decision as to whether they conformed to the terms of the convention and should then be transmitted to the Bureau of Insular Affairs of the War Department for registration and transmission to the fiscal agent of the Dominican Republic, and that course has been followed hitherto.

Until the 1st of August, 1908, Mr. Jacob H. Hollander, a former treasurer of Porto Rico, who had been a special commissioner from the United States in Santo Domingo, was employed by the State Department to assist in the adjustment of the financial affairs of Santo Domingo, and his certificates in regard to drafts were regarded as indicating the exercise of this scrutiny in behalf of the United States in regard to the character of the drafts made.

On the 1st of August, 1908, however, Mr. Hollander ceased to be employed by the United States, and he has now, as the State Department is informed, been employed by Santo Domingo to assist them in their financial affairs, having no further connection with the United States.

I have accordingly directed that all drafts which come to the State Department shall be submitted to the chief of the Bureau of Accounts of the State Department, and that the responsibility be placed upon him for ascertaining from the Secretary of State or other officer of the department charged with that duty whether the drafts are to be deemed by the State Department to be in conformity with the convention and securing the approval of the Secretary of State or the Assistant Secretary charged with that duty. Upon receiving such approval the chief of the Bureau of Accounts will transmit the drafts to the chief of the Bureau of Insular Affairs.

Should you wish any change in the method of procedure, or be disposed to make any comment or suggestion in regard thereto, I should be happy to hear from you, and if the method proposed is satisfactory I should be glad to have your confirmation thereof.

I have the honor to be, sir, your obedient servant.

ELIHU ROOT.

The chairman presented a letter which he had addressed to Justice Day, which letter is as follows:

HOUSE OF REPRESENTATIVES OF THE UNITED STATES,
COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT,

May 31, 1911.

Hon. WILLIAM R. DAY,

Associate Justice United States Supreme Court,
Canton, Ohio.

MY DEAR SIR: The Committee on Expenditures in the State Department, of which committee I have the honor to be chairman, in the prosecution of its duties has developed what seems to be an irregular situation in connection with the payment by the State Department for the painting of a portrait of yourself by one Albert Rosenthal. The testimony thus far taken shows that your attention was called to this matter some time ago, and the committee, desiring to develop all the facts in connection with this transaction and thinking you could no doubt aid them by making a statement, directs me to ask you to either come before the committee or, if you prefer, make a written statement, send it to me.

giving all the facts within your knowledge touching this matter, and we will incorporate the same in the hearings before the committee.

With great respect, I beg to remain,

Very truly, yours,

C. W. HAMLIN.

Chairman of the Committee on Expenditures in the State Department.

The chairman also presented to the committee the following reply from Justice Day:

CANTON, OHIO, *June 2, 1911.*

Hon. C. W. HAMLIN,

*Chairman of the Committee on Expenditures
in the State Department, House of Representatives.*

Washington, D. C.

MY DEAR SIR: I have your favor of the 31st ultimo, requesting me to make a statement concerning the painting of my picture by one Albert Rosenthal, an artist of Philadelphia, for the State Department at Washington. Complying with that request, I have to say that shortly after my appointment to the Supreme Court, in the spring of 1903, I received a letter from Rosenthal indicating a desire to procure a picture of me for Mr. Carson's history of the Supreme Court, Mr. Rosenthal advising me that he had the pictures of the other justices for that purpose. I advised him, in substance, that I would see him on my return to Washington in the fall of 1903.

After my retirement from the State Department in 1898 I received a note from Secretary Hay, my successor, requesting me to have a picture painted for the State Department collection of ex-Secretaries of State, and have it made by an artist of my own selection. When Mr. Rosenthal came to my house in the fall of 1903 it occurred to me that, if his picture was acceptable to the State Department and myself, it would be a good opportunity to comply with Secretary Hay's request, and I so told Mr. Rosenthal. At the same time I told him that I did not wish an extravagant price paid for the picture; that my understanding was that about \$800 should purchase a portrait. I notice Mr. Rosenthal says \$850, and he may be right about that. I knew that various prices had been paid for such pictures, and I wished it to be understood that mine was certainly not to exceed the average price.

Mr. Rosenthal painted the picture. It was approved and placed in the State Department, according to my recollection, early in 1904. I assumed, of course, that Mr. Rosenthal had been paid for the picture in accordance with our understanding, and heard no more of it until sometime in the spring of 1906 or 1907. I can not recall the exact date. Mr. Rosenthal called at my house and said that Mr. Denby, chief clerk of the Department of State, had shown him a voucher signed by himself, receipting for something over \$2,000—I can not remember the exact sum—for the painting of my portrait, and said that he had received from Col. Michael, clerk of the State Department at the time the picture was painted and placed in the department, only the sum of \$850.

I told Mr. Rosenthal that I would look into the matter, and thereupon, the same day or the next day, I visited the State Department, saw Mr. Denby, and was told by him that such a voucher as Mr. Rosenthal had described was on file in the department. I then asked to see Mr. Root, and was advised that the Secretary was at his house. I then drove to Secretary Root's house and saw him there, and stated to him what Mr. Rosenthal had told me. The Secretary said that he would have the matter investigated at once. Some time thereafter I was informed by the Secretary that upon looking into the matter it was his understanding that the voucher to which Mr. Rosenthal had referred included matters in addition to the payment for my portrait. I heard no more of the matter until on the evening of May 29, when I read an account of Mr. Rosenthal's testimony before your committee in the Washington Evening Star.

The foregoing statement covers my knowledge of the facts of the case so far as I know. If at any time anything further is desired of me, I shall be pleased to furnish it to the committee if it is within my power.

Respectfully, yours,

WILLIAM R. DAY.

Whereupon the committee adjourned.

No. 6

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JUNE 13, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, *Chairman*, Missouri.

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman*.

S. H. DENT, JR.

CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE
ON EXPENDITURES IN THE STATE DEPARTMENT,
Tuesday, June 13, 1911.

The subcommittee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. THOMAS MORRISON—Continued.

The CHAIRMAN. Mr. Morrison, I want to ask you this question in order to understand the matter more fully: Are these vouchers issued in duplicate?

Mr. MORRISON. No.

The CHAIRMAN. Is there a memorandum voucher which goes with each original voucher?

Mr. MORRISON. No; we only retain the original voucher.

The CHAIRMAN. You retain the original voucher, but is there a memorandum voucher also issued which is practically a copy of the other voucher?

Mr. MORRISON. No.

The CHAIRMAN. With whom do you settle your accounts?

Mr. MORRISON. The Auditor for the State and Other Departments.

The CHAIRMAN. Do you file with him these vouchers when you make your settlements?

Mr. MORRISON. Yes; all except payments that are made under section 291.

The CHAIRMAN. When you settle with him do you file with him all the vouchers?

Mr. MORRISON. Oh, yes; I file with him all the vouchers of payments made by me.

The CHAIRMAN. Mr. Morrison, you were requested to bring with you the voucher or vouchers issued about May 20, 1909, payable to Fred. Hale. Have you that voucher or those vouchers with you?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Will you let the committee see them, please?
(Voucher handed to the chairman.)

The CHAIRMAN. This is the only voucher, Mr. Morrison, that you have paid to Frederick Hale?

Mr. MORRISON. That is the only one I can recall.

The CHAIRMAN. You know nothing about what this was for except what the memorandum accompanying the voucher shows?

Mr. MORRISON. No.

The CHAIRMAN. Nothing else at all?

Mr. MORRISON. No.

The CHAIRMAN. This money was paid out of what fund?

Mr. MORRISON. The Canadian boundary, the boundary between the United States and Canada.

The CHAIRMAN. Is it paid out of the fund that is designated "For the better demarcation of the boundary line between the United States and Canada"?

Mr. MORRISON. The title of the appropriation is right on the bill there itself which I showed you.

The CHAIRMAN. On the voucher?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. This says, "Appropriation for boundary line, United States and Canada."

Mr. MORRISON. Yes, sir; that is the title of it.

The CHAIRMAN. Is that intended to conform to this title to which I have alluded just now?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Is that the same fund?

Mr. MORRISON. The same fund; yes, sir.

The CHAIRMAN. Are you the disbursing agent for that fund?

Mr. MORRISON. No. It is under the control of Mr. Tittman; I believe Mr. Tittman is the man who has control of that fund.

The CHAIRMAN. Well, I say, were you the disbursing agent for this fund? Did you pay all the bills of this commission?

Mr. MORRISON. No, sir.

The CHAIRMAN. How did it happen that you paid this particular item?

Mr. MORRISON. It was paid by direction of the Secretary out of that fund.

The CHAIRMAN. By the direction of the Secretary?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And not by the direction of the commissioner, Mr. Tittmann?

Mr. MORRISON. I believe Mr. Tittmann had no knowledge of it at all; I assume he had not.

The CHAIRMAN. You know nothing at all, then, as to why the Secretary of State ordered you to pay this particular item out of this fund when you paid no other bills incurred in this work?

Mr. MORRISON. No; I have no knowledge at all.

The CHAIRMAN. Are you acquainted with Frederick Hale?

Mr. MORRISON. No, sir.

The CHAIRMAN. Do you know who he is?

Mr. MORRISON. I have heard, indirectly, that he is an attorney in Portland, Me.; I think he is the son of Senator Hale.

The CHAIRMAN. Of ex-United States Senator Hale, you mean?

Mr. MORRISON. Yes.

The CHAIRMAN. All in the world that you know about this is that the Secretary of State directed you to pay this particular voucher?

Mr. MORRISON. That is right.

The CHAIRMAN. And you paid it?

Mr. MORRISON. Yes.

The CHAIRMAN. Out of that fund?

Mr. MORRISON. Yes, sir; by his direction.

The CHAIRMAN. Who was the Secretary of State that directed you to pay that?

Mr. MORRISON. Mr. Knox.

The CHAIRMAN. The present Secretary?

Mr. MORRISON. Yes.

Mr. DAVIS. You say, Mr. Morrison, that you do not know anything about this except what appears on the face of the voucher?

Mr. MORRISON. No, sir.

Mr. DAVIS. I see at the beginning of the bill dated January 12, 1909, that it recites, "United States Government to Frederick Hale, Dr., July, 1908, to all services in matter of boundary through Passamaquoddy Bay, including examination of premises," and then reciting a number of items, \$5,250; then follows a lot of items during the year 1908, amounting to \$932.80, all totaling \$6,182.80. Would it not appear from that statement there that it was all for services and expenses incurred by Mr. Hale?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. What is the meaning of the item down here, "By discount, \$1,176.16?" Do you know what that is?

Mr. MORRISON. I do not recall. Will you let me see that?

Mr. DAVIS. You will see here the item is given as \$5,250; then following are other items, making a total of \$6,182.80. Now, what is the nature of this discount here, \$1,176.16?

Mr. MORRISON. Well, the total amount of the bill is \$6,182.80; \$5,000 of that was allowed to Mr. Hale.

Mr. DAVIS. Then out of a bill of \$6,182.80 for services and other expenses he was only allowed \$5,000?

Mr. MORRISON. That is what I was instructed to pay.

Mr. DAVIS. Do you know who arrived at that amount?

Mr. MORRISON. I assume it was arrived by the Secretary of State, and he directed the payment to be made—the payment of \$5,000.

Mr. DAVIS. You do not know, then, whether that discount was occasioned by virtue of cutting down his expenses or cutting his salary down?

Mr. MORRISON. I understood at the time it was the cutting down of the bill to the sum of \$5,000.

Mr. DAVIS. You do not know whether it was a deduction from his salary, for his services, or the items of expense?

Mr. MORRISON. It was doubtless for his salary.

The CHAIRMAN. Do you understand that there had been an agreement in effect that he should only have \$5,000?

Mr. MORRISON. I do not know.

The CHAIRMAN. You do not know about that?

Mr. MORRISON. No, sir.

Mr. DENT. Who made out this voucher? Mr. Hale himself? I mean this expense account?

Mr. MORRISON. I assume it was made out by him; it was sent to me from the department in that shape.

Mr. DENT. Is that the usual form, when a bill is rendered against the department and the amount is not allowed, to strike it off by a discount?

Mr. MORRISON. Yes; that course is usually taken.

Mr. DAVIS. Mr. Morrison, when you were here before you stated that this voucher for the painting of the picture of Secretary Day was taken from your possession by Mr. Denby, the chief clerk?

Mr. MORRISON. Yes.

Mr. DAVIS. Do I understand you to say that was done at the request of the Secretary of State?

Mr. MORRISON. Yes; the Secretary of State, Mr. Root.

Mr. DAVIS. He requested that?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Do you know that of your own knowledge or from hearsay, that he requested that?

Mr. MORRISON. It was withdrawn from the files by the chief clerk, who said it was by direction of the Secretary of State.

Mr. DAVIS. The chief clerk told you that?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Where was your office then, with reference to the Secretary of State's office?

Mr. MORRISON. Where was it?

Mr. DAVIS. Yes.

Mr. MORRISON. In the Department of State.

Mr. DAVIS. Right in the same building?

Mr. MORRISON. In the same building; yes.

Mr. DAVIS. Did he come to you in person or telephone you?

Mr. MORRISON. He came to me in person.

Mr. DAVIS. Did I not understand you to say the other day that you were 'phoned to for that purpose?

Mr. MORRISON. No.

Mr. DAVIS. And that you could not recognize——

Mr. MORRISON (interposing). No; he never phoned to me; he came in person and withdrew the voucher by direction of the Secretary.

Mr. DAVIS. And took all the papers pertaining to that matter?

Mr. MORRISON. Yes.

Mr. DAVIS. And kept them as far as you know?

Mr. MORRISON. Yes.

Mr. DAVIS. Was it customary with you to allow vouchers to be removed without any direct order from the Secretary in writing or in person?

Mr. MORRISON. Well, this order did come direct from the Secretary.

Mr. DAVIS. In writing, was it?

Mr. MORRISON. Oh, no; not in writing.

Mr. DAVIS. The chief clerk came to you and informed you to that effect?

Mr. MORRISON. Yes.

Mr. DAVIS. Is it customary for you to do that?

Mr. MORRISON. Yes.

Mr. DAVIS. You did not call up the Secretary of State to ascertain the truth——

Mr. MORRISON. No; I never questioned the direction of the Secretary to withdraw the voucher or any voucher.

Mr. DAVIS. Did that ever occur to you before, that the vouchers were removed in that way by one of the subordinate officers?

Mr. MORRISON. That is the only case I can recall.

Mr. DAVIS. How long have you been in the employ of the Government?

Mr. MORRISON. About 38 years.

The CHAIRMAN. How long have you been in your present position?

Mr. MORRISON. About 12 years.

Mr. DAVIS. In the Secretary of State's office?

Mr. MORRISON. Yes.

Mr. DAVIS. And in your present position 12 years?

Mr. MORRISON. Yes.

Mr. DAVIS. Where were you before that?

Mr. MORRISON. There in the department, in the employ of the department.

Mr. DAVIS. In the same department?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Were you not employed in the Treasury Department?

Mr. MORRISON. Never.

Mr. DAVIS. Did you ever obtain any vouchers from any other officer under similar circumstances?

Mr. MORRISON. No.

Mr. DAVIS. Did you ever request of any custodian of the vouchers in any other department that you be allowed to take them from the files?

Mr. MORRISON. No.

Mr. DAVIS. You say that positively, do you?

Mr. MORRISON. Yes; I can not recall that I ever made any such request.

Mr. DAVIS. Did you not, a few years ago, go to the custodian of vouchers in the Treasury Department and request a certain voucher of him?

Mr. MORRISON. I can not recall that I did.

Mr. DAVIS. You can not recall?

Mr. MORRISON. No; I can not, though possibly I did.

Mr. DAVIS. And that he refused to give it to you, but finally did, and that he had a hard time getting it back from you. Do you recall anything of that kind?

Mr. MORRISON. No, sir; I do not. Possibly I may have done so, but I can not recall it.

Mr. DAVIS. Do you not know that it is not proper to take a voucher from a custodian, a voucher for the payment of money; that it is not proper to do that under the law and under the custom of the department, that that is not proper and is forbidden?

Mr. MORRISON. I can not explain what the object of this inquiry is, but if I went to withdraw it I certainly was directed to do it, but I can not recall it.

Mr. DAVIS. You know that it is the custom in the Department of State, the Treasury Department, and other departments for the custodians of valuable papers, like vouchers, not to allow them to be taken out of his possession or out of his office?

Mr. MORRISON. In that case I would be controlled by the direction of the Secretary of State; I am subject to his orders in such matters.

Mr. DAVIS. Well, do you take everybody's word as to the direction of the Secretary?

Mr. MORRISON. I would take the word of the chief clerk.

Mr. DAVIS. Well, then, all the papers in your department are subject to the say-so of the chief clerk? If he should come in and demand them to-morrow——

Mr. MORRISON (interposing). If he should demand them by order of the Secretary of State——

Mr. DAVIS (continuing). And said he did so by order of the Secretary would you give them up?

Mr. MORRISON. I could not do otherwise.

Mr. DAVIS. You could not do otherwise?

Mr. MORRISON. I do not see how I could.

Mr. DAVIS. Without making further inquiry to ascertain whether the Secretary of State ordered it or not?

Mr. MORRISON. If it was an unusual matter, of course, I would then go further, but in one particular case I would not question it.

Mr. DAVIS. You would not question it?

Mr. MORRISON. No; not the order of the Secretary of State.

Mr. DAVIS. I am not talking about the Secretary of State. If the chief clerk, or the assistant chief clerk, should come in and say, "I want to take these vouchers out of your possession, at the Secretary of State's direction," you would allow them to go without question, would you?

Mr. MORRISON. I would not, no; I would not permit him to take them.

Mr. DAVIS. But you did in this case?

Mr. MORRISON. In this particular case, yes, I did; but no number as you have stated; I would not permit any great number to be taken out, but in this particular case I gave the voucher up because the Secretary of State directed me to do so.

Mr. DAVIS. How long was it before you started to inquire whether it had been returned to your office or not?

Mr. MORRISON. I do not recall that—the exact period.

Mr. DAVIS. Did you ever make an inquiry about it?

Mr. MORRISON. Yes.

Mr. DAVIS. When?

Mr. MORRISON. Oh, some time after it was withdrawn.

Mr. DAVIS. How long? What is "some time"?

Mr. MORRISON. I can not say exactly how long.

Mr. DAVIS. One year or two years?

Mr. MORRISON. Well, perhaps less time than that, but, as I said, it is my recollection that they were not quite through with it, and I assumed that other matters had come up in connection with it that they required to hold it.

Mr. DAVIS. I recollect something in your testimony about you being telephoned to.

Mr. MORRISON. No.

Mr. DAVIS. To either hunt for the voucher or surrender it, and that you did not know whether the voice was that of Mr. Carr or that of Mr. Denby.

Mr. MORRISON. I do recall that.

Mr. DAVIS. Explain that.

Mr. MORRISON. I was called on the telephone to send over that voucher and papers in connection with it.

Mr. DAVIS. When was that?

Mr. MORRISON. That was fully a month ago.

Mr. DAVIS. And you said you did not know whose voice it was?

Mr. MORRISON. I could not tell at that time whose voice it was on account of the noise.

Mr. DAVIS. Is that the first time you began looking for these papers after you allowed them to go out of your possession?

Mr. MORRISON. That is the first time, because I assumed they were there, but I found out afterwards they were not in the department.

The CHAIRMAN. When you turned that voucher over to Mr. Denby did you make a record entry of that fact?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. That you had delivered the voucher to Mr. Denby?

Mr. MORRISON. Yes; I put in a memorandum slip that it had been taken.

The CHAIRMAN. What was the nature of that notation that you made?

Mr. MORRISON. It was to the effect that it was handed to Mr. Denby by direction of the Secretary of State, if I recall it right.

The CHAIRMAN. Have you got that memorandum now?

Mr. MORRISON. I really do not know whether I have or not.

The CHAIRMAN. You do not know whether you preserved that or not? Do you know the date of it?

Mr. MORRISON. It may be there. No; I can not tell you from recollection the date of it.

The CHAIRMAN. When you first began to search for those papers a month ago you said that that voucher had been delivered to Mr. Denby?

Mr. MORRISON. Yes.

The CHAIRMAN. You discovered that from some record in your office?

Mr. MORRISON. Yes.

The CHAIRMAN. What was the date of it?

Mr. MORRISON. In fact I knew that, I knew that; I knew I had given it to him.

The CHAIRMAN. You did not discover that fact from any record in your office?

Mr. MORRISON. Well, there is a slip there stating it was withdrawn.

The CHAIRMAN. Then you have got that slip yet?

Mr. MORRISON. That is my recollection; yes.

The CHAIRMAN. Do you remember the date of it?

Mr. MORRISON. No; I can not recall the date.

The CHAIRMAN. Did you look up the stub of your check, as requested the other day, to see what the date was of the check you gave to Michael?

Mr. MORRISON. I made the statement that it was paid by check, that was to the best of my recollection and belief at that time, but it now develops it was a cash payment.

The CHAIRMAN. How did you get the money? Do you mean you paid the whole \$2,450 in cash?

Mr. MORRISON. Yes.

The CHAIRMAN. To Michael?

Mr. MORRISON. Yes.

The CHAIRMAN. Where did you get the cash?

Mr. MORRISON. It was withdrawn from the Treasury.

The CHAIRMAN. You sent down and got the money and delivered it to Michael?

Mr. MORRISON. Yes.

The CHAIRMAN. In person?

Mr. MORRISON. Yes.

The CHAIRMAN. Was that the ordinary way to do with those funds?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Do you pay all these vouchers in cash in that way?

Mr. MORRISON. No; not all of them.

The CHAIRMAN. How did you pay this particular Hale voucher?

Mr. MORRISON. That was paid by check.

The CHAIRMAN. How did it happen you did not pay that in cash?

Mr. MORRISON. Because my recollection now is that he was at his home in Maine and that it was sent to him by mail.

The CHAIRMAN. What kind of a check did you send him?

Mr. MORRISON. It was the check of the disbursing clerk of the department.

The CHAIRMAN. Not a personal check?

Mr. MORRISON. Oh, no.

The CHAIRMAN. And a check on the Treasury here at Washington?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. But in this other case you paid the \$2,450 in cash to Michael?

Mr. MORRISON. Yes.

The CHAIRMAN. How do you know that? How do you know that it was paid in cash?

Mr. MORRISON. The cash book shows that it was paid in cash.

The CHAIRMAN. When did you look at that?

Mr. MORRISON. Recently.

The CHAIRMAN. How recently?

Mr. MORRISON. Well, since I was here.

The CHAIRMAN. Now, what was the date that you paid him that cash?

Mr. MORRISON. It was January 18, 1904.

The CHAIRMAN. January 18, 1904? So that would be about the date that that voucher was presented to you?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Do you know what Michael did with that money?

Mr. MORRISON. No; I do not.

The CHAIRMAN. Do you know whether he deposited it in any bank or not?

Mr. MORRISON. I know nothing about it.

The CHAIRMAN. You know nothing about that at all?

Mr. MORRISON. Nothing whatever.

The CHAIRMAN. Of course, you have not seen the voucher since the time you delivered it to Denby, have you?

Mr. MORRISON. Yes; the voucher has since been found.

The CHAIRMAN. Oh, it has.

Mr. MORRISON. Yes.

The CHAIRMAN. When was it found?

Mr. MORRISON. I think it was found about a week or 10 days ago.

The CHAIRMAN. Where was it found?

Mr. MORRISON. It was found in my room.

The CHAIRMAN. In your room?

Mr. MORRISON. Yes.

The CHAIRMAN. How did it happen you had not found it before?

Mr. MORRISON. I can not tell you.

The CHAIRMAN. Was it found in your room in its proper place?

Mr. MORRISON. No, sir; it was not.

The CHAIRMAN. Where was it found?

Mr. MORRISON. It was found on the floor near a waste-paper basket.

The CHAIRMAN. Lying on the floor?

Mr. MORRISON. On the floor.

The CHAIRMAN. In a lot of waste paper?

Mr. MORRISON. Picked up by a messenger off the floor.

The CHAIRMAN. Picked up by whom?

Mr. MORRISON. One of the messengers of the department; he was in there and picked it up.

The CHAIRMAN. What day was that, now?

Mr. MORRISON. I think it was a week or ten days ago.

The CHAIRMAN. Since you were here and testified?

Mr. MORRISON. Yes.

The CHAIRMAN. Do you know how it got there on the floor?

Mr. MORRISON. No, sir; I positively know nothing about it.

The CHAIRMAN. In your 12 years as disbursing clerk have you ever found any vouchers lying around on the floor before?

Mr. MORRISON. No, sir; that is the first and only one.

The CHAIRMAN. Did you examine that voucher closely when you found it lying on the floor?

Mr. MORRISON. I did.

The CHAIRMAN. Did you make any inquiry as to how it got there?

Mr. MORRISON. I said nothing, only to the chief clerk and to Mr. Carr.

The CHAIRMAN. The chief clerk and Mr. Carr?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You told them about it?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And did you make any inquiry of your office force as to whether they knew how this voucher got there?

Mr. MORRISON. No; I did not discuss it with anybody there at all.

The CHAIRMAN. You found it lying on the floor.

Mr. MORRISON. Yes.

The CHAIRMAN. Was it in a pretty good state of preservation?

Mr. MORRISON. Yes.

The CHAIRMAN. And was not torn in any way?

Mr. MORRISON. No, sir.

Mr. DAVIS. It had not been lying there very long, had it?

Mr. MORRISON. I think not.

Mr. DAVIS. If it had been lying there for several months, you would have discovered it, would you not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. That office is cleaned every day, is it not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And the papers taken out?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And then you must have found it the day it was dropped there?

Mr. MORRISON. Yes, sir.

Mr. DENT. What is the name of the messenger who found it?

Mr. MORRISON. Howard Sangston.

Mr. DENT. Did he bring it to you?

Mr. MORRISON. Yes, he brought it to me; he found it on the floor and brought it to me.

Mr. DENT. While he was cleaning; or what was he doing?

Mr. MORRISON. No; he had just come into the room to assist me in getting our mail out of the way, and he saw it on the floor and picked it up and handed it to me.

Mr. DENT. You were there in the room at the time he picked it up?

Mr. MORRISON. Yes.

Mr. DENT. And he handed it to you?

Mr. MORRISON. Yes, sir.

Mr. DENT. Was this in the morning?

Mr. MORRISON. No; in the evening.

Mr. DENT. About what time?

Mr. MORRISON. About 5 o'clock.

Mr. DENT. You had been in your office practically all day?

Mr. MORRISON. Practically all day; yes, sir.

Mr. DENT. What are the duties of this messenger who found this paper?

Mr. MORRISON. He has the ordinary duties of a messenger.

Mr. DENT. He is an employee of your department?

Mr. MORRISON. Yes.

Mr. DENT. How long has he been with you?

Mr. MORRISON. He has been with me for six or seven years, or maybe eight years.

Mr. DENT. Is he a white man?

Mr. MORRISON. Yes.

The CHAIRMAN. Which office room was this found in, in your immediate room?

Mr. MORRISON. In my room.

The CHAIRMAN. Do you recall who had been in your room that day?

Mr. MORRISON. There were several parties there. There was a gentleman there by the name of Cridler.

The CHAIRMAN. Who is Mr. Cridler?

Mr. MORRISON. He was formerly Third Assistant Secretary.

The CHAIRMAN. When was he Third Assistant Secretary?

Mr. MORRISON. He was there under Mr. Hay.

The CHAIRMAN. Was he in the State Department at the time this voucher was lost or at the time it was withdrawn from your office?

Mr. MORRISON. No.

The CHAIRMAN. He was not there then?

Mr. MORRISON. No.

The CHAIRMAN. Had he already left the department before that time?

Mr. MORRISON. Yes.

The CHAIRMAN. Before Denby got the voucher?

Mr. MORRISON. Yes.

The CHAIRMAN. Who else was in your office that day?

Mr. MORRISON. Well, there were several gentlemen there: I think one or two consuls.

The CHAIRMAN. Your office is now in the Union Trust Building, is it not?

Mr. MORRISON. Yes.

The CHAIRMAN. And that is where you found the voucher?

Mr. MORRISON. Yes.

The CHAIRMAN. Was anyone from over in the State Department Building proper in your office on that day?

Mr. MORRISON. I can not recall that anyone was.

Mr. DAVIS. Is your office in the same place now that it was when the voucher was taken from your possession?

Mr. MORRISON. No, sir; I was then in the State Department.

The CHAIRMAN. How many employees have you in the office there?

Mr. MORRISON. I have six.

The CHAIRMAN. Have you ever asked any of those employees whether they knew anything about how that voucher got there on the floor?

Mr. MORRISON. No; I did not discuss it with anybody.

The CHAIRMAN. Were you not a little curious to know how it got there?

Mr. MORRISON. Yes, I was, naturally.

The CHAIRMAN. How did it happen that you did not ask those people who were there in your office whether they knew anything about how it got there?

Mr. MORRISON. Well, I thought it was not prudent to discuss the matter with anybody.

The CHAIRMAN. Have you since learned how that voucher got there?

Mr. MORRISON. No.

Mr. DAVIS. How far was it lying on the floor from where you were sitting when the messenger picked it up?

Mr. MORRISON. About as far away as that desk.

Mr. DAVIS. Six or 8 feet?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Have you made an inquiry of anybody since that time as to how it got there?

Mr. MORRISON. No.

The CHAIRMAN. Have you an idea or theory as to how that voucher got there?

Mr. MORRISON. No, sir; I have not.

Mr. DAVIS. It must have been placed there by somebody.

Mr. MORRISON. I have that impression.

Mr. DAVIS. The wind did not blow it in there?

Mr. MORRISON. No, sir.

Mr. DAVIS. Somebody intentionally placed it there?

Mr. MORRISON. That is my impression. I have held to that up to this time.

Mr. DENT. Were there any papers with it?

Mr. MORRISON. No.

Mr. DENT. Just this voucher alone?

Mr. MORRISON. Yes.

Mr. DAVIS. When that voucher left your possession there were other papers with it, were there not?

Mr. MORRISON. Well, the voucher was complete; it did have Col. Michael's explanation with it. He made a written explanation to the Secretary.

Mr. DAVIS. When you found it it had some additional papers attached to it?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. What was the date of his explanation?

Mr. MORRISON. I do not recall.

The CHAIRMAN. Was it recent?

Mr. MORRISON. Oh, no; it is not of recent date; it was made by him from Calcutta.

The CHAIRMAN. Made by him in Calcutta?

Mr. MORRISON. Yes.

The CHAIRMAN. About how long ago?

Mr. MORRISON. It may have been about four years ago—1906, I think.

The CHAIRMAN. What did you do with the voucher when you found it?

Mr. MORRISON. Turned it over to the chief clerk.

The CHAIRMAN. Turned it over to the chief clerk?

Mr. MORRISON. Yes.

The CHAIRMAN. Are you not the custodian of this voucher?

Mr. MORRISON. Yes; but I thought he was the proper officer to receive it.

The CHAIRMAN. Why did you turn it over to the chief clerk after you found it in your office?

Mr. MORRISON. I turned it over to him for the reason that he asked for it. I told him I found it and he asked for it, doubtless for the information of the Secretary.

The CHAIRMAN. Did he tell you that the Secretary wanted him to get it?

Mr. MORRISON. No; he did not tell me that.

The CHAIRMAN. Just said he wanted it?

Mr. MORRISON. Yes.

The CHAIRMAN. And you turned it over to him without any question at all?

Mr. MORRISON. Yes; he asked me to let him have it, and I gave it to him.

The CHAIRMAN. Have you seen it since?

Mr. MORRISON. No.

The CHAIRMAN. Did you look at that voucher carefully when you found it there on the floor?

Mr. MORRISON. Yes.

The CHAIRMAN. What did that voucher contain?

Mr. MORRISON. Well, it contains a very lengthy explanation by Col. Michael.

The CHAIRMAN. I am speaking about the voucher proper; what did it contain? What did that \$2,450 voucher purport to be in payment of?

Mr. MORRISON. The portrait.

The CHAIRMAN. The painting of the portrait of William R. Day?

Mr. MORRISON. Yes.

The CHAIRMAN. Any other items?

Mr. MORRISON. And in payment of the frame, I think.

The CHAIRMAN. Any other item?

Mr. MORRISON. No other item that I can recall.

The CHAIRMAN. And you looked at it very carefully the other day?

Mr. MORRISON. Yes.

The CHAIRMAN. About a week ago?

Mr. MORRISON. Yes.

Mr. DAVIS. Since that voucher went out of your hands several years ago, through Chief Clerk Denby, it has now reappeared again in your office, with a long statement attached thereto by Col. Michael from Calcutta?

Mr. MORRISON. Yes.

Mr. DAVIS. That statement was probably made a year or two after you had lost the voucher?

Mr. MORRISON. It was made by direction of Mr. Root, when he was Secretary of State.

Mr. DAVIS. I am not asking you about that; at whose direction it was made. Was it made after it left your office?

Mr. MORRISON. The Michael statement?

Mr. DAVIS. Yes.

Mr. MORRISON. No; it was made before.

Mr. DAVIS. Before it was originally taken out of your possession?

Mr. MORRISON. Yes.

Mr. DAVIS. By Denby?

Mr. MORRISON. Yes.

Mr. DAVIS. When was that made—1906?

Mr. MORRISON. Yes; his statement, I think, bears date 1906.

Mr. DAVIS. His statement was made in 1906?

Mr. MORRISON. Yes.

Mr. DAVIS. In Calcutta?

Mr. MORRISON. Yes.

Mr. DAVIS. What is the date of that voucher?

Mr. MORRISON. I do not recall the date; I can get the books.

Mr. DAVIS. Your books show you paid for it in January, 1904, was it not?

Mr. MORRISON. The cash payment was made on that date.

Mr. DAVIS. So the voucher must have been dated at or near that time, 1904?

Mr. MORRISON. Yes.

Mr. DAVIS. Then two years afterward a statement comes from Col. Michael from Calcutta?

Mr. MORRISON. Yes.

Mr. DAVIS. And that statement is now attached to this voucher?

Mr. MORRISON. Yes.

Mr. DAVIS. Was that statement attached to the voucher when Mr. Denby came and got the voucher from you?

Mr. MORRISON. No.

Mr. DAVIS. It was not?

Mr. MORRISON. No.

Mr. DAVIS. You said something about Secretary Root asking for this statement from Col. Michael?

Mr. MORRISON. Yes.

Mr. DAVIS. When was that, or about when was that?

Mr. MORRISON. Well, it was prior to the date of his statement.

Mr. DAVIS. Prior to the date of his statement?

Mr. MORRISON. Yes.

Mr. DAVIS. You have no idea, then, how that statement became attached to this voucher?

Mr. MORRISON. It was attached to the voucher doubtless by direction of Secretary Root.

Mr. DAVIS. There was nothing attached to that voucher when Mr. Denby got it from you, was there?

Mr. MORRISON. No.

Mr. DAVIS. And that voucher was for the payment of the picture and frame, \$2,450?

Mr. MORRISON. That is my recollection.

Mr. DAVIS. That was all there was to it?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. You saw the voucher the other day?

Mr. MORRISON. Yes.

Mr. DAVIS. And there was nothing else on there except the frame and picture?

Mr. MORRISON. No; and the statement.

Mr. DAVIS. The statement is attached, is it not?

Mr. MORRISON. Yes.

Mr. DAVIS. That is a separate document? I am talking about the voucher proper.

Mr. MORRISON. Yes.

Mr. DENT. How is that statement fastened to the voucher?

Mr. MORRISON. I think pinned to it.

Mr. DENT. With just an ordinary pin?

Mr. MORRISON. Yes; or a paper clip.

Mr. DENT. Was that the first time you had ever seen the statement from Col. Michael, the other day when the voucher was found?

Mr. MORRISON. No; I saw it after the receipt of it.

Mr. DENT. What did you say?

Mr. MORRISON. I saw the statement after the receipt of it; Mr. Denby showed it to me.

Mr. DENT. After it was first received?

Mr. MORRISON. Yes.

Mr. DENT. And after it was attached to the voucher?

Mr. MORRISON. Yes.

Mr. DENT. Who showed it to you?

Mr. MORRISON. Mr. Denby, the chief clerk.

The CHAIRMAN. Was Mr. Denby chief clerk when he showed it to you?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. When did he go out as chief clerk?

Mr. MORRISON. I do not recall the date of his leaving. Maybe Mr. Carr could tell you that.

Mr. CARR. May, 1907.

Mr. DAVIS. What was the occasion of Denby showing you the statement from Col. Michael?

Mr. MORRISON. I do not know; I know it came up in connection with the voucher.

Mr. DAVIS. The voucher was not attached to it then?

Mr. MORRISON. No.

Mr. DAVIS. It was simply a separate statement by Col. Michael from Calcutta, and Mr. Denby showed it to you?

Mr. MORRISON. Yes.

Mr. DAVIS. And he took the statement away with him, and did not leave it with you?

Mr. MORRISON. No.

Mr. DAVIS. There was nothing else attached to it except the statement?

Mr. MORRISON. No.

Mr. DAVIS. You do not know any occasion or any reason why he should come and show you that statement?

Mr. MORRISON. No; no more than he thought I ought to see it.

Mr. DAVIS. He did not leave it with you at all?

Mr. MORRISON. No.

Mr. DAVIS. You did not then look for those papers?

Mr. MORRISON. No.

The CHAIRMAN. Did you ask Denby at that time where this voucher was?

Mr. MORRISON. No; I did not ask him, for I assumed he had it there, or the Secretary.

The CHAIRMAN. That voucher is your only protection, is it not, in the settlement of your accounts?

Mr. MORRISON. Yes.

The CHAIRMAN. And you were so unconcerned as to let a voucher for \$2,450 float around with the chief clerk and Secretary of State and not even inquire about it?

Mr. MORRISON. I did inquire about it; I made an inquiry, and they said they were not through with it.

The CHAIRMAN. They were not through with it in 1906, two years after it was paid by you?

Mr. MORRISON. Well, I assumed that that voucher was in the safe, or the safe of the Secretary of State, or the chief clerk's office.

The CHAIRMAN. Now, when did you inquire about that voucher?

Mr. MORRISON. Well, I do not recall just when I inquired; but I did inquire about it, and I was told they were not through with it.

The CHAIRMAN. Was it about the time you saw this statement made by Michael?

Mr. MORRISON. Oh, I had the voucher then.

The CHAIRMAN. You had it then?

Mr. MORRISON. Yes; it was withdrawn at that time.

The CHAIRMAN. Did you not state awhile ago that you had given Mr. Denby the voucher before you saw that statement of Michael's, in answer to Mr. Davis's question?

Mr. MORRISON. The voucher was withdrawn prior to the receipt of the statement, by direction of Secretary Root; then it was placed back in the files, and upon the receipt of his statement it was withdrawn again.

The CHAIRMAN. Did you not tell us the other day, when you were testifying, that you never saw that voucher after you delivered it to Mr. Denby?

Mr. MORRISON. I did make that statement, I believe.

The CHAIRMAN. Now, then, you want to say that that voucher was returned to you?

Mr. MORRISON. Well, it was returned to me upon the receipt of Michael's statement.

The CHAIRMAN. Well, now, do you swear that that voucher was returned to you by Denby after he had first withdrawn it from your office?

Mr. MORRISON. Do I say that?

The CHAIRMAN. Yes.

Mr. MORRISON. No; I never made that statement.

The CHAIRMAN. Now, what do you say? Did you ever see that voucher after Denby sent and got it the first time?

Mr. MORRISON. I can not recall that I did.

The CHAIRMAN. Until you saw it the other day on your office floor?

Mr. MORRISON. It was found on the floor the other day in my office.

The CHAIRMAN. Then he withdrew that from your office twice, did he?

Mr. MORRISON. He did; yes.

The CHAIRMAN. I understood you to say you never saw it after you first delivered it to him?

Mr. MORRISON. Well, you probably did not understand me; he withdrew it before the explanation was made, before Col. Michael was requested to support it by an explanation.

The CHAIRMAN. Well——

Mr. MORRISON. (interposing). Then he gave it back to me; then after the statement was received it was withdrawn again.

The CHAIRMAN. How long did it remain in your office after he brought it back the first time?

Mr. MORRISON. Possibly two months, maybe until they could hear from him, and maybe longer.

The CHAIRMAN. Then for what purpose did they withdraw it the second time?

Mr. MORRISON. It came up, then, in connection with the Michael statement.

The CHAIRMAN. And they sent for the voucher again and you sent it over?

Mr. MORRISON. Yes.

The CHAIRMAN. And then you never saw it from that time on?

Mr. MORRISON. No.

The CHAIRMAN. Until it was found on your office floor?

Mr. MORRISON. Yes.

Mr. DENT. Did I understand you to say a few moments ago that this voucher was returned to your custody with a statement from Col. Michael and then subsequently withdrawn a second time by Mr. Denby?

Mr. MORRISON. No; I can not recall that I made that statement.

Mr. DENT. Just a few minutes ago; I mean a few minutes ago did not you make that statement?

Mr. MORRISON. I think not. I made this statement, which I will repeat, that the voucher was withdrawn by Mr. Denby prior to the receipt of Col. Michael's statement, and then filed with me again, and after the receipt of his statement it was withdrawn again, and that statement is now with it.

Mr. DENT. Now, before the second time it was withdrawn by Mr. Denby it did not have attached to it Col. Michael's statement?

Mr. MORRISON. No; that was attached to it after I gave it to him the second time.

Mr. DENT. Then the first time you saw it with the statement of Col. Michael attached to it was the other day when it was discovered on the floor in your office near a waste-paper basket?

Mr. MORRISON. Yes, sir; it was picked up the other day by a messenger.

Mr. DENT. And it is not a fact, then, that when this paper was withdrawn for the first time by Mr. Denby it remained out of your possession until discovered a week or 10 days ago?

Mr. MORRISON. Yes, sir.

Mr. DENT. You say that is not a fact?

Mr. MORRISON. I say that is a fact, it was discovered there the other day on the floor of the office.

Mr. DENT. I asked you whether or not it is a fact that the voucher remained out of your custody from the time that it was first withdrawn by Mr. Denby until it was discovered a week or 10 days ago?

Mr. MORRISON. Yes.

Mr. DENT. Then, it was not returned to you and withdrawn the second time?

Mr. MORRISON. I did not say that it was.

Mr. DENT. You did not say it was returned to you after it was first withdrawn?

Mr. MORRISON. Yes, it was; but not after the statement was received, not after Col. Michael's statement was received.

Mr. DENT. My question does not relate to the receipt of his statement. Now, I do not understand from your testimony whether that voucher was withdrawn twice by Mr. Denby or only once. Which is the fact?

Mr. MORRISON. Twice.

Mr. DENT. It was withdrawn twice?

Mr. MORRISON. Yes.

Mr. DENT. All right.

TESTIMONY OF MR. OTTO H. TITTMANN, SUPERINTENDENT COAST AND GEODETIC SURVEY.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What position do you occupy?

Mr. TITTMANN. I am Superintendent of the Coast and Geodetic Survey.

The CHAIRMAN. How long have you held that position?

Mr. TITTMANN. A little over 10 years. I am also commissioner of the Alaska boundary and commissioner of the Canadian boundary.

The CHAIRMAN. Have you in charge the work for the better demarcation of the boundary line between the United States and Canada?

Mr. TITTMANN. I have, under the treaty, charge of everything except the water boundary through the Lakes; that is under article 4 of the treaty; all of the other work is under my supervision; yes, sir.

The CHAIRMAN. When was that treaty made?

Mr. TITTMANN. April 11, 1908.

The CHAIRMAN. Have you a statement, or do you recall the amount of the appropriation for the fiscal years 1908, 1909, etc.?

Mr. TITTMANN. Yes, sir; I have a memorandum about that.

The CHAIRMAN. I wish you would kindly give the amounts to the stenographer.

Mr. TITTMANN. Well, for what year?

The CHAIRMAN. Perhaps I had better change my question and ask you this: It is true, is it not, that the appropriations for the fiscal years from 1904 to 1908, inclusive, aggregated \$290,000, and that the appropriations were made a continuing fund?

Mr. TITTMANN. I have no note here about a continuing fund, but it was made a continuing fund at one time; yes. We started with an appropriation in 1903 of \$100,000; in 1904 we had \$100,000, and as we did not use it up we asked next year for \$50,000, and the next year for \$20,000, and probably then they began to make it continuing; I do not know just when.

The CHAIRMAN. Have you a statement there of the amount for the fiscal year 1909?

Mr. TITTMANN. Well, now, I have, under date of March 2, 1909, \$25,000, but I should think that was for the fiscal year 1910.

The CHAIRMAN. Yes; that is for 1910, according to the statement of the clerk of the Committee on Appropriations. I will ask you if it was not \$20,000 for 1909?

Mr. TITTMANN. \$25,000, I think.

The CHAIRMAN. I mean for the fiscal year 1909 was it not \$20,000?

Mr. TITTMANN. Yes, sir.

The CHAIRMAN. And 1910 \$25,000?

Mr. TITTMANN. Yes.

The CHAIRMAN. I will ask you whether it is not a part of your duties to make an estimate of the amount of money required for the incoming fiscal year?

Mr. TITTMANN. Yes, sir.

The CHAIRMAN. Did you submit an estimate for 1909?

Mr. TITTMANN. Yes, sir.

The CHAIRMAN. Do you remember what the amount of the estimate was that you submitted?

Mr. TITTMANN. No, I do not; but I think it was, from conversation that I have overheard, \$5,000 less than the State Department's estimate, if that is what you want to know.

The CHAIRMAN. Is it part of your duty to O. K.—because that is what I call it in common every-day parlance—the bills against this commission that ought to be paid out of this fund?

Mr. TITTMANN. Well, those that come under my supervision. The appropriation is worded in this way: "To be expended under the direction of the Secretary of State." Now, since some particular date, which I can not tell you, there have been two commissions, the Waterways Commission, which took over the boundary through the Lakes, and then the boundaries, under all the other articles, are under my direction as commissioner; so that we both, that is, the Waterways Commission or Boundary Commission for the Lakes, and myself, submit estimates to the State Department, and the State Department lumps them and asks Congress for the sum total.

The CHAIRMAN. And in one of these estimates the State Department added \$5,000 more than you estimated for?

Mr. TITTMANN. Yes, sir.

The CHAIRMAN. Now, who is the disbursing officer for you in this work?

Mr. TITTMANN. Mr. Scott Nesbit.

The CHAIRMAN. Where is he?

Mr. TITTMANN. He is in the Coast Survey Office; he is also disbursing officer for the Coast Survey.

The CHAIRMAN. And it is through him that these bills that you approve are paid?

Mr. TITTMANN. Yes, sir.

The CHAIRMAN. Do you know anything about this \$5,000 paid to Frederick Hale?

Mr. TITTMANN. Nothing save what I have learned here this morning. Before the water boundary people took over that portion of the boundary it was our custom to take up on our books the appropriation just as it was made. Then the question arose as to what portion of it—as the appropriation was larger than the one I had estimated for—should properly be on our books, and the disbursing agent, I think, went to Mr. Morrison—in fact, he showed me a note this morning which he sent in to me in reply to an inquiry which I had made as to the amount which we should have on our books, saying that \$5,000 of this was paid to Mr. Hale—I am speaking from memory only—and I indorsed on that memorandum that we did not estimate for that \$5,000, and that is all I know about it.

The CHAIRMAN. Well, you have immediate charge of that work, have you not? You give it your personal supervision, do you not?

Mr. TITTMANN. Yes, sir; I do.

The CHAIRMAN. Did you know that Mr. Hale was performing any service for this commission?

Mr. TITTMANN. Yes; I did. That is, I am unable to say whether I know it as a fact or whether it is from inferences——

The CHAIRMAN (interposing). What I mean is, did you authorize this work?

Mr. TITTMANN. No; I had nothing to do with that.

The CHAIRMAN. You had nothing whatever to do with that?

Mr. TITTMANN. No; nothing whatever, except I had a general interest in what was going on. Now, there was no hitch in our boundary work except through the lower part of Passamaquoddy Bay. There was a contention there, as you will see if you will look at the treaty, as to the ownership of Popes Folly Island, and that contention had for a long time prevented the settlement of the boundary through Lubec Narrows and into the Bay of Fundy, and my impression is that this was in connection with that, but I can not tell you whether it was only an inference or something I got from conversation, or whether I had been told so.

The CHAIRMAN. Let me ask you this: If this service was in behalf of that work would you not have known it or ought you not to have known it? Would it not have been under your supervision?

Mr. TITTMANN. No; because if you will look at the treaty, Mr. Chairman, you will see the point involved. There was a special provision in the treaty there that, inasmuch as there was a disagreement on that portion of the line, the two Governments should present to each other their arguments or claims as to the course which the boundary line should take, and if at the expiration of six months that was not settled, it should go to a court of arbitration, I think, and then the next thing I knew about it was that I was directed to draw a tentative boundary line giving Popes Folly Island to ourselves, and I did that. That is my connection with that, you know, but it was not under my direction at all; I had nothing to do with it.

Mr. DENT. Do you know under whose direction it was?

Mr. TITTMANN. Well, I suppose the Secretary of State conducted those negotiations. You know those were international negotiations.

Mr. DENT. I understood you to say that you are the commissioner to establish this boundary line with some exception, but I did not catch the exception.

Mr. TITTMANN. Well, the exception is only as to the Great Lakes; it does not refer to this particular thing.

Mr. DENT. The exception did not refer to this at all?

Mr. TITTMANN. No; but there is a very specific provision in regard to this difficult matter—that is, it was recognized that there was a disagreement between the two Governments on this subject.

Mr. DENT. You have not a copy of that treaty with you, have you?

Mr. TITTMANN. Yes; I have.

(Said treaty handed to Mr. Dent.)

The CHAIRMAN. Do you know or are you acquainted with Mr. Frederick Hale?

Mr. TITTMANN. No, sir; I do not know him at all. I doubt whether I have seen him; but I may have.

The CHAIRMAN. You never received any of these maps, statements, briefs, or anything that he claims to have made?

Mr. TITTMANN. No, sir.

The CHAIRMAN. Yet you are the commissioner in charge of that work?

Mr. TITTMANN. I am the commissioner; yes.

The CHAIRMAN. So far as you are concerned, you got no benefit, personally, from any of the services he rendered?

Mr. TITTMANN. Why, seemingly, that was settled; it was settled in some way there because, as I say, I got directions to draw the line in a certain way, and after that there was no difficulty, and it settled a question which had been a vexed question for, I do not know, how many years.

The CHAIRMAN. Nobody called your attention to the fact that he was employed to render any service, or that \$5,000 had been paid out of this fund to Hale for services?

Mr. TITTMANN. Well, only as a result of inquiry made of Mr. Morrison and the statement that he made here this morning.

The CHAIRMAN. And that is the way you found it out? You understand that Mr. Hale is the son of ex-Senator Eugene Hale, of Maine?

Mr. TITTMANN. So I understand; yes.

The CHAIRMAN. Had he ever been engaged, so far as you know, by the department to do any other work on this boundary question since you have had it in charge?

Mr. TITTMANN. I do not know.

The CHAIRMAN. None that you know of?

Mr. TITTMANN. No.

The CHAIRMAN. Did you know that the State Department had added \$5,000 to this estimate after you had sent it down to the department, until you heard the testimony this morning?

Mr. TITTMANN. Yes; I knew of it. Of course, I saw it as soon as it appeared in the estimates.

The CHAIRMAN. Did you make any inquiry as to why that was added?

Mr. TITTMANN. Why, I think I probably made a statement before the Committee on Foreign Affairs, because they asked, probably, at that time, whether it was my estimate and I said it was the estimate of the State Department. I am not sure about that, but I believe that is the way.

The CHAIRMAN. You did not make any inquiry as to why they added the \$5,000?

Mr. TITTMANN. I think not; no.

Mr. DAVIS. I see in this itemized statement here that Mr. Hale charges for four or five trips to Washington. You say you do not know him at all?

Mr. TITTMANN. No.

Mr. DAVIS. He did not come to see you in connection with this matter?

Mr. TITTMANN. No; he would not necessarily, for this was a question as to something that had to be adjudicated outside of the commissioners, evidently, and therefore he would confer with the State Department and not with me.

Mr. DAVIS. Did you ever hear of this at all?

Mr. TITTMANN. Only as I have already stated.

Mr. DAVIS. You heard of it to-day?

Mr. TITTMANN. Yes, sir.

Mr. DAVIS. You never heard of it until to-day?

Mr. TITTMANN. No. However, I stated I heard of it through a note that my disbursing officer made for me. When we inquired as to the amount we were to take up on our books the \$5,000 had been paid to Mr. Hale.

Mr. DAVIS. And that is the only information you have of it?

Mr. TITTMANN. Yes, sir.

Mr. DAVIS. A matter of bookkeeping?

Mr. TITTMANN. Yes, sir.

The CHAIRMAN. Is this the only item that you know of, in connection with the expenses involved in this work, that has been paid by anybody except your disbursing officer?

Mr. TITTMANN. So far as I know, yes.

The CHAIRMAN. All the other expenses were paid by your disbursing officer?

Mr. TITTMANN. Yes.

The CHAIRMAN. And not by Mr. Morrison, of the State Department?

Mr. TITTMANN. Yes.

The CHAIRMAN. You never inquired as to why they singled out this particular item to be paid down at the State Department rather than through your disbursing officer, did you?

Mr. TITTMANN. No; we did have a case where I expected Mr. Morrison would pay, but we paid it, and that was the case of having some original maps reproduced in London. You see, a portion of the original survey was burned before the charts and maps were ever turned into the State Department many, many years ago, and when we took up this matter we wanted, although we had subsequent surveys made, to get authentic maps of the originals which they had on the other side in order to see that they confirmed the information we had; but we paid for that, and that was only a few thousand dollars.

The CHAIRMAN. So this is the only item you know of that was not paid through your disbursing officer?

Mr. TITTMANN. Absolutely the only item that I know of, or, I should say, that I recall. I think that is the only one.

Mr. DENT. Was this disputed point on the boundary line, of which you spoke some time ago, finally settled by the parties without being submitted to arbitration?

Mr. TITTMANN. Yes.

Mr. DENT. And it was for the services rendered in connection with that that this sum was paid to Mr. Hale?

Mr. TITTMANN. Yes.

Mr. DENT. Although it was settled without being submitted to arbitration?

Mr. TITTMANN. That is my understanding; yes.

TESTIMONY OF MR. THOMAS MORRISON—Continued.

Mr. DAVIS. I would like, Mr. Morrison, for my own edification, to know something about this money. You say that you paid for this picture in cash?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. To Col. Michael?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Now, please detail on the record how you got the money?

Mr. MORRISON. I drew it in the usual way from the Treasury Department.

Mr. DAVIS. The usual way does not signify anything to my mind. What I want to know is what is the usual way?

Mr. MORRISON. To make a requisition on the Secretary of the Treasury for the amount that we need.

Mr. DAVIS. You make a requisition, send a messenger and get the money, then?

Mr. MORRISON. No; we send what is called a requisition, a request from the Secretary of State to the Secretary of the Treasury to make a payment; that is, to place a certain amount to my credit in the Treasury Department on which I draw checks.

Mr. DAVIS. But in this case you got the cash and handed it to Col. Michael. Where did you get that cash from?

Mr. MORRISON. I drew it from the Treasury Department.

Mr. DAVIS. Did you go for it yourself or send somebody, or how did you get that money?

Mr. MORRISON. I always send over a check.

Mr. DAVIS. You sent it by messenger then?

Mr. MORRISON. My messenger; yes, sir.

Mr. DAVIS. And he brought you back the money?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. And handed it to you?

Mr. MORRISON. Yes.

Mr. DAVIS. And you handed it to Col. Michael?

Mr. MORRISON. I did.

Mr. DAVIS. And did not Col. Michael give you a receipt for it?

Mr. MORRISON. The receipt is the voucher.

Mr. DAVIS. The receipt is the voucher?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Did Col. Michael sign that voucher?

Mr. MORRISON. The voucher is signed.

Mr. DAVIS. Did Col. Michael sign that voucher?

Mr. MORRISON. The voucher is signed by the Secretary.

Mr. DAVIS. Did Col. Michael sign that voucher when you handed him the money?

Mr. MORRISON. Why, excuse me, the voucher was already signed.

Mr. DAVIS. Can not you answer the question whether Col. Michael gave you any receipt in return for the money?

Mr. MORRISON. He did not hand me a receipt for the money.

Mr. DAVIS. He did not?

Mr. MORRISON. No.

Mr. DAVIS. You have nothing to show that you paid it to Col. Michael?

Mr. MORRISON. I paid the money to Col. Michael.

Mr. DAVIS. Have you anything to show that?

Mr. MORRISON. Only the voucher.

Mr. DAVIS. This voucher does not show that Col. Michael got it, does it?

Mr. MORRISON. He did not sign the voucher at all.

Mr. DAVIS. I know. Does the voucher you have from Rosenthal show that Col. Michael got it?

Mr. MORRISON. No; it does not; but I made the payment to him.

Mr. DAVIS. Have you anything to show that you paid the money to him?

Mr. MORRISON. Nothing at all; that is, I have no receipt from him.

Mr. DAVIS. Have you any receipt from anybody? Did you have Rosenthal's signature for it?

Mr. MORRISON. Rosenthal signed the voucher.

Mr. DAVIS. You had his voucher, and why did not you pay the money to Rosenthal?

Mr. MORRISON. I paid the money to the chief clerk by his direction.

Mr. DAVIS. You paid it to Col. Michael?

Mr. MORRISON. Yes; I handed the money to him.

Mr. DAVIS. By whose direction?

Mr. MORRISON. By his direction.

Mr. DAVIS. Whose?

Mr. MORRISON. The chief clerk's direction.

Mr. DAVIS. You paid the money to Michael by his own direction?

Mr. MORRISON. Yes.

Mr. DAVIS. And have not a thing to show that you paid it to him?

Mr. MORRISON. Why, he did not give me a receipt for it, but I had the voucher there.

Mr. DAVIS. You had Rosenthal's voucher?

Mr. MORRISON. Yes, sir; approved by the Secretary of State.

Mr. DAVIS. You had Rosenthal's voucher there for \$2,450?

Mr. MORRISON. Yes.

Mr. DAVIS. And upon the strength of that voucher you gave that amount of money to Col. Michael?

Mr. MORRISON. Yes.

Mr. DAVIS. And you have nothing to show for that except Rosenthal's voucher?

Mr. MORRISON. Yes; the voucher itself.

Mr. DAVIS. And you had the money right there and handed it to him, did you?

Mr. MORRISON. I did; yes, sir.

Mr. DAVIS. You got it, you say, by your check on the Treasury Department?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. A messenger got that and brought it to you?

Mr. MORRISON. Yes.

Mr. DAVIS. What messenger was that?

Mr. MORRISON. I can not tell you which one it was now; I have two.

Mr. DAVIS. Which two did you have?

Mr. MORRISON. Well, I had this man Sangston.

Mr. DAVIS. What is his first name?

Mr. MORRISON. Howard Sangston and Levi Anstenson.

Mr. DAVIS. It must have been one of those two men that you sent over with the check?

Mr. MORRISON. Yes.

Mr. DAVIS. Have you received your check back as yet? Who was the payee named on that check?

Mr. MORRISON. It was payable to my own order.

Mr. DAVIS. Payable to your own order?

Mr. MORRISON. Yes; that is, as I recall it now.

Mr. DAVIS. You gave a check upon the Treasury Department, payable to your own order, and sent a messenger over?

Mr. MORRISON. Yes.

Mr. DAVIS. You have never seen that check since?

Mr. MORRISON. No.

Mr. DAVIS. Could a messenger get that money without signing his name on the back of that check?

Mr. MORRISON. I generally send them over there for money in that way.

Mr. DAVIS. Does the Treasury Department pay money to a messenger on a check of that kind without taking some receipt from him, getting his signature, or something, to show that he got the money?

Mr. MORRISON. I think they do; I assume they do; I got the money.

Mr. DAVIS. Do you not ever see those checks again?

Mr. MORRISON. No; they never come back to me.

Mr. DAVIS. They keep them?

Mr. MORRISON. Yes.

Mr. DAVIS. Do you keep stubs of them?

Mr. MORRISON. Oh, yes.

Mr. DAVIS. Have you those stubs with you?

Mr. MORRISON. No.

Mr. DAVIS. Have you the stubs in the office?

Mr. MORRISON. Yes.

Mr. DAVIS. Do you not think they ought to be produced, Mr. Chairman?

The CHAIRMAN. I think it would be a good idea. Can you produce those stubs?

Mr. MORRISON. Yes.

The CHAIRMAN. Can you produce them this afternoon?

Mr. MORRISON. I think so.

Mr. DENT. At the same time, I should like, if it is agreeable to the committee, to have him produce the memorandum he made and put in the place of the file that he turned over to Mr. Denby.

The CHAIRMAN. You bring those up at 3 o'clock this afternoon, the stubs of your check books, showing these checks, about which Mr. Davis has been inquiring, and also this memorandum about which Mr. Dent speaks, the memorandum you made when you delivered that voucher to Mr. Denby, showing the date of it, and so forth. I want to ask you about this Hale voucher again. The voucher is "For boundary line, United States and Canada, the United States to Frederick Hale, Dr., Portland, Me.; May 24, to services and expenses as per itemized statement annexed, \$5,000." That is signed by Frederick Hale, is it not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. I notice following that this statement: "I certify that the foregoing account is correct; that the prices charged are just and reasonable and in accordance with the agreement; and that they were secured in accordance with sections — and — of the methods stated on the reverse hereof;" but the words, "and that they were secured in accordance with sections — and — of the methods stated on the reverse hereof," are erased by red ink being drawn through those words. Then following that are dotted lines for a signature, I presume; and under those lines the printed words "Official designation," but there seems to be no signature to that. How does that happen, that no official signed that certificate?

Mr. MORRISON. It has the approval of the Secretary of State.

The CHAIRMAN. I am speaking about the voucher; there is no signature following that certificate; how does that happen?

Mr. MORRISON. That is not necessary in that case; there was no one else to sign it but the Secretary.

The CHAIRMAN. Following that is another certificate, "I certify that the above articles have been received by me in good condition, or the services performed as stated; and that they were necessary for the public service." That also is prepared for a signature, the words "Official designation" appearing there, but no one signed that. How did that happen?

Mr. MORRISON. Those are the vouchers that we use.

The CHAIRMAN. Now, I will ask you to look at that and tell the committee if the approval of the Secretary of State is on that voucher at all?

Mr. MORRISON. There it is, yes.

The CHAIRMAN. I am talking about the voucher; is the approval of the Secretary of State on that voucher anywhere?

Mr. MORRISON. No; it was on this one [referring to itemized statement].

The CHAIRMAN. But that is no part of the voucher, is it?

Mr. MORRISON. That is the itemized statement.

The CHAIRMAN. That is the itemized statement. How is it attached to the voucher?

Mr. MORRISON. It is pinned to it.

The CHAIRMAN. It is pinned to it?

Mr. MORRISON. Yes.

The CHAIRMAN. It can be detached at any time without affecting the voucher?

Mr. MORRISON. Yes.

The CHAIRMAN. Now, then, there is no approval on the voucher at all by Secretary of State Knox or any other official, is there?

Mr. MORRISON. That is the only voucher we have.

The CHAIRMAN. Answer my question. There is no approval by the Secretary of State or any other official on that voucher proper?

Mr. MORRISON. No.

The CHAIRMAN. The only approval you have is on a separate piece of paper pinned to the voucher?

Mr. MORRISON. Yes, sir.

Mr. DENT. And, Mr. Chairman, if I may suggest, the itemized statement was, no doubt, made out by the claimant himself, Mr. Hale.

The CHAIRMAN. Is it your practice and habit to pay vouchers that have not on the voucher itself the indorsement and approval of the proper authority?

Mr. MORRISON. That was sent to me for payment.

The CHAIRMAN. Do you pay everything that comes to you without any question in the world?

Mr. MORRISON. Oh, no; if there is any reason to question the voucher I question it.

The CHAIRMAN. Would not the fact that the voucher itself does not bear the approval of anybody raise a question in your mind as to whether it ought to be paid or not?

Mr. MORRISON. Not when submitted with an itemized statement like this.

The CHAIRMAN. This is on a separate piece of paper, and by withdrawing that pin you have the whole thing separated. Now, you have got your voucher complete, have you not?

Mr. MORRISON. It would not be complete without that.

The CHAIRMAN. Is not that voucher complete without this?

Mr. MORRISON. No.

The CHAIRMAN. Does it not recite this, "To services and expenses as per itemized statement annexed, \$5,000"?

Mr. MORRISON. Yes.

The CHAIRMAN. The voucher is complete right there?

Mr. MORRISON. No; not without that.

The CHAIRMAN. Then, do you risk just pinning an important paper to the voucher in this way? Do you handle all papers and vouchers in that way?

Mr. MORRISON. Well, I handled that one in that way.

The CHAIRMAN. Are these vouchers never signed on the vouchers themselves: that is, approved by the Secretary of State or some other official?

Mr. MORRISON. Vouchers of this kind are always signed by the Secretary of State.

The CHAIRMAN. Are they never signed on the voucher itself?

Mr. MORRISON. Yes; certainly they are—all of them are.

The CHAIRMAN. This one is not?

Mr. MORRISON. That one is not, but this is the statement, and that is covered by that.

The CHAIRMAN. Do you not require the Secretary of State to sign the voucher itself? Suppose this paper would be lost or separated

from the voucher, would you have any authority for the payment of that \$5,000?

Mr. MORRISON. No; but that was accepted as proper at the time.

The CHAIRMAN. You seem to transact your business in a very loose manner. Are you under bond?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. How much bond?

Mr. MORRISON. \$50,000.

Mr. DAVIS. The certificate which the chairman has recited into the record, and which seems to certify as to the correctness of this bill, was printed on this voucher for some purpose, was it not?

Mr. MORRISON. Yes.

Mr. DAVIS. Printed on there for the purpose of having some official certify to it, was it not?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. And in this case you did not think it was necessary and did not have it done?

Mr. MORRISON. No; but there is the statement.

Mr. DAVIS. We are talking about the voucher; that is the bill made up by the claimant, that is not the voucher. So these blanks were printed on here by the Government for that purpose, were they not?

Mr. MORRISON. Yes.

Mr. DAVIS. And in this instance they are partially filled out?

Mr. MORRISON. Yes.

Mr. DAVIS. Signed by the claimant but not certified to by any officer whatever?

Mr. MORRISON. That is right.

The CHAIRMAN. I think we will have a copy of that voucher incorporated in the record.

(Said voucher follows).

[Form approved by the Comptroller of the Treasury, Sept. 24, 1907.]

DEPARTMENT OF STATE.

VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL.

Appropriation for boundary line, United States and Canada.

The United States to Frederick Hale, Dr., Portland, Me.

Date of delivery or service.	Items.	Unit price.			Amount.	
		Dollars.	Cents.	Per—	Dollars.	Cents.
1909. May 24	To services and expenses, as per itemized statement annexed.....				5,000	00
	Total.....				5,000	00

[Certification and bill to be completely filled in by payee, or before signature by payee, without alteration or erasure at any time.]

I certify that the above bill is correct and just and that payment therefor has not been received.

\$5,000.00.

FREDERICK HALE.
(Not to be signed in duplicate.)

[Any notations made in spaces provided on the back of this voucher become a part of this certificate.]

I certify that the foregoing account is correct; that the prices charged are just and reasonable, and in accordance with the agreement.

_____,
_____.
(Official designation.)

I certify that the above articles have been received by me in good condition, or the services performed as stated; and that they were necessary for the public service.

Account submitted for _____, \$_____.

Differences as follows: _____, \$_____.

_____,
_____.
(Official designation.)

Approved for _____, \$_____.
Approved account annexed.

_____,
_____.
(Official designation of approving officer.)

Paid by check No. 136152, dated June 25, 1909, on the Treasurer of the United States at Washington, D. C., in favor of Frederick Hale, for \$5,000.

[Where a voucher is certified in the name of a company or corporation, the name of the person writing the corporate company or name, as well as the capacity in which he signs, must appear. Example: "Chicago Edison Co., per John Smith, member of firm," or secretary or treasurer, as the case may be. Fill in from 1 to 4, as appropriate. Fill in from A to C, as appropriate.]

[Voucher No. 1, sec. 291.]

DEPARTMENT OF STATE.

Appropriation: Boundary line, United States and Canada. Amount, \$5,000. In favor of Frederick Hale. For purchases and services other than personal.

Accounts of Thomas Morrison, chief Bureau of Accounts and disbursing clerk, Washington, D. C., _____, 19— (period for which account is rendered).

METHOD OF OR ABSENCE OF ADVERTISING.

[Sec. 3709, R. S.]

1. After advertising in newspapers.
2. After advertising by circular letters sent to ——— dealers and by notices posted in public places.
3. Without advertising, under an exigency of the service which existed prior to the order and would not admit of the delay incident to advertising.
4. Without advertising, it being impracticable to secure competition because of ———.

FORM OF AGREEMENT.

- A. Under formal contract dated ———, 19—.
- B. Under written proposal and acceptance filed ———. (If with this voucher, so state; if not, indicate where.)
- C. Under less formal agreement ———. (State character.)

Among the reasons which may be assigned as making competition impracticable (sec. 4 on this fold) are the following:

(a) Under a formal contract for construction, there arises a necessity for additional work practicable of performance only by the contractor.

(b) The articles wanted are patented or copyrighted and not on sale by dealers, but by the owners of the patent or copyright or their agents or assigns alone, at a fixed and uniform price.

(c) There is only one dealer within a practicable distance from whom the articles can be obtained.

(d) Prices or rates are fixed by legislation, either Federal, State, or municipal; or by competent regulation.

(e) Previous advertising for the identical purchase has been followed by the receipt of no proposals or only of such as were unreasonable, and under circumstances indicating that further advertising would not alter results.

[Verrill, Hale & Booth, attorneys and counselors at law, Casco Bank Building, 191 Middle Street, Portland, Me.]

JANUARY 12, 1909.

United States Government to Frederick Hale, Dr.

1908, July, August, September, October, November, December; 1909, January:

To all services in matter of boundary through Passamaquoddy Bay, including examination of premises, exhaustive researches of treaties, reports, maps, records, historical works, and various documents at Machias, Eastport, Lubec, Augusta, Portland, Boston, Cambridge, Concord, and elsewhere, as well as data obtained from private parties, voluminous correspondence, obtaining affidavits and other evidence, attending to photographing and reproducing maps and records, examination of authorities and compiling data and preparation of argument for the United States and attending to printing of same, and conferences at New York and Washington regarding argument, study of British argument, preparing statement in reply to same, etc. \$5, 250. 00

1908.		
Aug. 14.	To paid for chart No. 610.....	\$0. 75
Sept. 1.	telegram.....	. 29
9.	for chart No. 301.....	. 25
11-17.	expenses Lubec, Campobello, and Eastport trip..	70. 50
24.	for Maine Central mileage book.....	20. 00
24.	expenses Augusta trip.....	2. 10
24.	register of deeds at Machias for Pope-Bates deed.	. 57
Oct. 5.	telephone tolls.....	. 50
8.	expenses Boston and Concord trip.....	16. 55
14-16.	expenses trip to Washington.....	50. 00
15.	telephone tolls.....	. 35
19.	for Kilby's History of Eastport (Me. His. Sc.)....	2. 00
21-23.	expenses of Eastport, Machias, and Lubec trip..	28. 03
26.	express.....	. 25

1908.			
Oct.	26.	To paid telephone tolls.....	\$1. 30
	26.	express.....	. 25
	28.	express.....	2. 95
	31.	express.....	. 25
Nov.	4.	for making tracing at land office, Augusta.....	5. 50
	5.	for services at Marietta, Ohio, searching, copying, and photographing Rufus Putnam papers rela- tive to the Maine survey of 1784.....	50. 00
	5.	express.....	. 60
	10.	express.....	. 30
	18.	for services on maps.....	20. 33
	18.	for one roll blue-print paper.....	. 20
	20-25.	expenses trip to Washington.....	50. 00
	20.	express.....	. 50
	20.	telegram.....	. 29
	21.	for photographing maps.....	8. 95
	24.	express.....	. 25
	22-24.	expenses trip to Washington.....	50. 10
	27.	telegram.....	. 59
	27.	express.....	. 25
	27.	for negatives and prints of maps.....	26. 50
	30.	for map No. 301.....	. 25
Dec.	1.	telegram.....	. 50
	1-4.	expenses trip to Washington.....	50. 00
	5.	for printing 12 preliminary statements and 100 evidence and argument.....	194. 50
	11.	express.....	. 30
Aug. -		for typewriting and proof reading.....	275. 00
Dec.			<hr/>
			\$932. 80
			<hr/>
Dec. —.		Credit: By Maine Central mileage not used.....	6, 182. 80
			6. 64
			<hr/>
		By discount.....	6, 176. 16
			1, 176. 16
			<hr/>
			5, 000. 00

Approved:

P. C. KNOX,
Secretary of State.

(After which the committee adjourned.)

No. 7

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JUNE 14, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY WALKER HAMLIN, *Chairman*, Missouri.

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERRY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

D. OF S.

OCT 1912

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C172

EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE STATE DEPARTMENT,
Wednesday, June 14, 1911.

The subcommittee met at 3.15 o'clock p. m., Hon. Courtney W. Hamlin (chairman) presiding.

STATEMENT OF HON. PHILANDER C. KNOX, SECRETARY OF STATE.

The CHAIRMAN. Mr. Secretary, have you that voucher with you—the Rosenthal voucher?

Secretary KNOX. I have.

The CHAIRMAN. Will you permit the committee to inspect it?

Secretary KNOX. I shall be happy to do so. I sent you word yesterday morning by Mr. Carr that I discovered it and that I would be ready to lay it before you in a day or two, with the results of the investigation that the department had made, and I think I can give you about all that it is possible to obtain upon this subject.

The CHAIRMAN. Let us have the voucher first, will you, please; we want to look it over?

Secretary KNOX. Yes. In reply to your question I hand you the original voucher, with all of the papers and memoranda attached thereto, as it came into my hands.

The CHAIRMAN. When was this voucher found, Mr. Secretary?

Secretary KNOX. It was handed to me a week ago yesterday; that would be what date? That would be the 6th; and handed to me about half past 11 o'clock on the morning of the 6th of June.

The CHAIRMAN. Who handed it to you?

Secretary KNOX. Mr. Carr, who told me that it had been found late the evening before.

The CHAIRMAN. Do you know where the voucher was found?

Secretary KNOX. I only know what I have heard that Mr. Morrison has said about it.

The CHAIRMAN. Did you make an inquiry at the time?

Secretary KNOX. I made an inquiry as soon as I received the voucher and they told me that he had found it on the floor of his office.

The CHAIRMAN. Have you made any investigation to ascertain how that voucher got on the floor?

Secretary KNOX. Yes; we have inquired of everybody that has any access to or connected with the room, and the story is just as Mr. Morrison told it, that it was found on the floor by the janitor and handed to him.

The CHAIRMAN. And you could get no other information in relation to it?

Secretary KNOX. That is all the story I could get.

The CHAIRMAN. Since this matter commenced to be investigated did you communicate with Mr. Michael in relation to it?

Secretary KNOX. Yes.

The CHAIRMAN. Did you inquire of him as to his knowledge of the whereabouts of the voucher?

Secretary KNOX. Yes; and it is all in that letter attached; there is his original letter in answer to Mr. Root's.

The CHAIRMAN. I mean, did you inquire of him?

Secretary KNOX. Yes; and he telegraphed he knew nothing except what was contained in the letter he had written to Mr. Root on the subject some years ago, when the matter was under investigation.

The CHAIRMAN. Did you also communicate with Mr. Denby?

Secretary KNOX. Yes.

The CHAIRMAN. Who was chief clerk when the voucher was taken out of the files?

Secretary KNOX. Yes.

The CHAIRMAN. Could he give you any information as to the whereabouts of the voucher?

Secretary KNOX. No; he telegraphed back that he would write, but that he knew nothing about it and had not seen it since it was taken from the files. That is the only thing we have not received, his response; we have not received the communication from Mr. Denby; but I think the information is complete enough to say that is about all we expect to get. If anything comes from Denby that throws any light on it I have no objection to giving it to you.

The CHAIRMAN. Have you any theory as to how that voucher got on that office floor five years after it was taken from the files?

Secretary KNOX. Yes. A man must have a theory about those things, whether it is a correct one or not. Of course it is a matter I would not like to state, but I have a theory about it; yes.

The CHAIRMAN. But not sufficiently well founded that you would like to state it?

Secretary KNOX. I have no doubt you have a theory about it, and I have no objection to stating what my theory is; but I do not state it as a fact; it is only a theory.

The CHAIRMAN. Do you not think that voucher was in the department down there during all of this time?

Secretary KNOX. I do; I have not the slightest doubt about it in my mind.

The CHAIRMAN. But you have no idea who was in possession of it?

Secretary KNOX. I have not.

The CHAIRMAN. Although diligent search was made, it could not be located?

Secretary KNOX. Well, of course I do not know anything about the search; but I know about the directions. I gave directions as soon as I heard through Mr. Rosenthal, as I told you when I was up here the other day, that there was some discrepancy between the amount he received and the amount named in the voucher, that the most thorough search should be made in the department for all the information bearing upon the subject; and I know that from day to day I kept inquiring whether the voucher had been discovered, and

they told me no; that everything had been hunted through, even the old safe down in the basement, and that the voucher could not be found. Attached to the voucher, as you see, is Michael's original explanation, written to Senator Root, I think, in 1906. And there is another thing attached, to which I want to call your attention as interesting and important, and that is Mr. Rosenthal's receipt for \$790, dated the same day as the receipt on the voucher.

He appears not only to have receipted on the 18th day of January, 1904, for \$2,450 on the voucher, but on the same day he receipts on a separate piece of paper for \$790 in payment of the portrait, with a memorandum at the bottom that \$60, which would have brought the amount up to \$850, had been paid directly to Mr. Fischer, here in Washington, for the frame.

The CHAIRMAN. Well, you understand, Mr. Secretary, that this voucher was signed by Mr. Rosenthal in blank?

Secretary KNOX. I do not know anything about that.

The CHAIRMAN. You understand that is the testimony of Mr. Rosenthal?

Secretary KNOX. I understand that. Well, I have not seen his testimony, but that is my understanding, that you are correct in putting it that way; yes.

The CHAIRMAN. When he signed this voucher it was not made out at all, and the amount of \$2,450 was put in after he had signed the voucher?

Secretary KNOX. Well, of course——

The CHAIRMAN (interposing). Well, I say, you understand that is his testimony?

Secretary KNOX. Well, I believe that is what he testified to; that is my impression. I have no other information on the subject, however.

Mr. DAVIS. What did you say the amount of that separate receipt was?

Secretary KNOX. It is attached to that bundle, Mr. Davis; \$790; and then there is a memorandum at the bottom that \$60 had been paid to Fischer for the frame, which would make the total cost of the portrait \$850.

The CHAIRMAN. When was this receipt from Rosenthal prepared?

Secretary KNOX. Oh, I do not know.

The CHAIRMAN. It does not seem to be dated.

Secretary KNOX. Oh, is it not dated? Is not that dated January 18, 1904?

The CHAIRMAN. It says:

Received on the 18th day of January, 1904, the sum of \$790 for a portrait of Judge Day, late Secretary of State, for the Department of State, Albert Rosenthal.

Then written below is this:

This does not include the frame for which Mr. Fischer received directly from the department \$60—A. R.

But the receipt does not bear any date; it may have been written yesterday or six years ago.

Secretary KNOX. Well, of course, you can draw your own inferences about that; all I know is that it was with these papers when handed to me. I presume Rosenthal received it the day it was writ-

ten, on the day he says he received the money, but I do not know anything about that though.

The CHAIRMAN. The main body of the receipt is in typewriting and then below the signature is this notation:

This does not include the frame for which Mr. Fischer received directly from the department \$60—A. R.

Does not that indicate that that was put on there after this inquiry, that this receipt was prepared after the inquiry was commenced?

Secretary KNOX. After this inquiry was commenced to get the facts?

The CHAIRMAN. Yes.

Secretary KNOX. Oh, no; I should think that was perfectly absurd.

The CHAIRMAN. You do not think that is true at all?

Secretary KNOX. No. What do you suspect, Mr. Hamlin, that somebody is trying to commit perjury here or to bring you a forgery?

The CHAIRMAN. I am not accusing anybody, but I am of the opinion that that receipt was prepared recently.

Secretary KNOX. That receipt?

The CHAIRMAN. Yes, sir. Let me throw some light on it.

Secretary KNOX. I wish you would. I was handed all of this with that bundle of papers.

The CHAIRMAN. I do not doubt that for a moment in the world, but, to make my position clear on this proposition, Mr. Rosenthal testified before this committee that he received \$850 in a check for the portrait and frame. After testifying, he wrote me this letter, dated June 2, 1911:

I can now straighten out the matter of the \$850 for portrait and frame. I deposited, on March 22, 1904, a check from Washington for \$790—

Secretary KNOX. What is that date?

The CHAIRMAN. March 22, 1904.

Secretary KNOX. And this receipt is dated when?

Mr. DAVIS. It is not dated.

The CHAIRMAN. On the 18th of January, 1904, he says he received \$790.

Secretary KNOX. That is the only date that appears upon the receipt?

The CHAIRMAN. That simply recites that on that day he received it, but it does not say when he received it [reading]:

I deposited on March 22, 1904, a check from Washington for \$790. The frame I secured from the Fischer Art Co., Fifteenth and F Streets, Washington, D. C., for \$60. I instructed Col. Michael to pay Mr. Fischer for the frame. While this modifies or changes my statement to your committee, it corroborates, however, the fact that \$850 was paid for portrait and frame. Mr. Fischer will doubtless give you date of the check he received.

Very truly, yours,

ALBERT ROSENTHAL.

Secretary KNOX. What is the inconsistency between that and—

The CHAIRMAN (interposing). At the time he appeared before this committee he testified that he got \$850 in a check from Mr. Michael. After looking it up, at my suggestion, tracing his check, and finding the record of the check he then remembered that he got only \$790 himself from Michael, and \$60 of it was paid directly by

Michael to Fischer & Co. Now, here is his receipt receipting nobody, but it just certifies that he got \$790. It does not say from whom, the Department of State, Mr. Michael, the Dominion of Canada, or anybody else. It simply shows the receipt of \$790, signed "Albert Rosenthal," and then under that it says:

This does not include the frame for which Mr. Fischer received directly from the department \$60.

A. R.

Secretary KNOX. Is that in Rosenthal's handwriting?

The CHAIRMAN. Unquestionably it is the same as this letter.

Secretary KNOX. Is the memorandum written in Rosenthal's handwriting?

The CHAIRMAN. Unquestionably; that is my judgment.

Secretary KNOX. Well, then, if it has been written recently Rosenthal wrote it.

The CHAIRMAN. I do not think he knew that until he traced this check, and then he wrote me this letter in June, 1911.

Secretary KNOX. Then you have the idea that Rosenthal, since he wrote you that letter, has written this?

The CHAIRMAN. It looks to me like that must be true.

Secretary KNOX. I would subpoena him and find out.

The CHAIRMAN. We certainly shall.

Secretary KNOX. That would be a most extraordinary transaction, in my judgment.

The CHAIRMAN. I attach no blame to you—no inference to you at all.

Secretary KNOX. I did not have the slightest idea that you did, because I had nothing to do with this thing and know nothing about it except what the records disclose.

The CHAIRMAN. I am inclined to think that is true.

Secretary KNOX. But I hope it is a little more than an inclination, Mr. Hamlin—

The CHAIRMAN (interposing). Perhaps I should have said I never thought that you personally knew anything about it.

Secretary KNOX. I am very grateful.

The CHAIRMAN. But somebody down there has had this voucher all the time?

Secretary KNOX. If you will help me find him I will be grateful.

The CHAIRMAN. I will do my part.

Secretary KNOX. We are doing our part.

The CHAIRMAN. Let me ask you this question: Do you not think that it is rather peculiar receipt, not receipting anybody?

Secretary KNOX. Well, I think that you or I, as lawyers, would have drawn it differently, but I have seen many curiously written receipts in transactions that were proper and straight.

The CHAIRMAN. You have good lawyers down in the department?

Secretary KNOX. Well, some; yes.

The CHAIRMAN (reading):

Received on the 18th day of January, 1904, the sum of \$790, for a portrait of Judge Day, late Secretary of State, for the Department of State, Albert Rosenthal. This does not include the frame for which Mr. Fischer received direct from the department, \$60. A. R.

Secretary KNOX. Well, if you can corroborate the theory that you have in your mind, that since Mr. Rosenthal wrote you the letter that

paper has been made up and Mr. Rosenthal has signed it, and there is anybody in the Department of State cognizant of it, privy to it, or who winked at it, or in any way acquiesced, there will be some vacancies down there; I can assure you of that right now. I think you ought, in justice to the persons who have had anything to do with this transaction, put in the record the letter written by Mr. Root to Mr. Michael, and his answer, because that is the only explanation there is as to what became of this money. I mean, of course, when you get ready.

Mr. DAVIS. I would suggest that, as a lawyer, it ought to occur to you, and it certainly does to me, that it is pretty hard to ask intelligent questions until you have read through these documents.

Secretary KNOX. I think you are quite right, Mr. Davis.

The CHAIRMAN. I think we will have to take time to do that.

Secretary KNOX. Those papers disclose that Mr. Root investigated this matter, I think, back in 1906, and Mr. Michael was then out in Calcutta, and he wrote him a letter telling him what the records of the department disclosed, or what they failed to disclose, and asked for an explanation, and Mr. Michael's original answer to that letter is among these papers, which is the only light that can be thrown on the subject from any records in the Department of State. I have brought you certified copies of all these papers, certified in accordance with the act of Congress. I thought you would like to look at the originals, but I would like to have you accept the certified copies in lieu of the originals.

The CHAIRMAN. Do you want to look those over now?

Mr. DAVIS. I am wholly unprepared to ask any intelligent questions now.

Secretary KNOX. There would be no use in asking me questions upon anything contained in these records; all the information I have is in the papers themselves; I do not know anything about the matter.

Mr. DAVIS. Who brought you this voucher?

Secretary KNOX. Mr. Carr, the former chief clerk, but now the head of the Consular Bureau.

Mr. DAVIS. Of course, he informed you where he got it?

Secretary KNOX. Yes; he said he got the papers from Mr. Morrison.

Mr. DAVIS. And stated when he got them?

Secretary KNOX. He stated he got them late the evening before—no, he got them that morning, but they had been found the evening before.

Mr. DAVIS. You had never seen this voucher before, had you, Mr. Secretary?

Secretary KNOX. Never before.

Mr. DAVIS. Do you know Mr. Rosenthal at all?

Secretary KNOX. Oh, yes; I have known him for a number of years.

Mr. DAVIS. Mr. Morrison was an employee in your department when you assumed the duties of the office?

Secretary KNOX. Yes; he had been there for a number of years.

Mr. DAVIS. In the same position now that he previously occupied?

Secretary KNOX. Yes.

Mr. DAVIS. I may do Senator Root an injustice, but I will try not to do so; but, as I recollect his testimony, he said, from an indistinct memory, that he thought the voucher might or possibly did contain something other than the picture and frame; that is, it seemed to be a two-story paper, an upper story and a lower story.

Secretary KNOX. I did not hear his testimony and have not read it; I do not know what he said.

Mr. DENT. He said it was in two parts.

Secretary KNOX. I should imagine his memory might be quite indistinct—a man who has been as busy as he has been all of his life.

Mr. DAVIS. This may be a two-story document, but it looks all on the ground to me—one story.

Secretary KNOX. Well, I did not build it; I do not know about it.

Mr. DAVIS. You know nothing about this separate receipt of Albert Rosenthal's, except it was contained among these papers?

Secretary KNOX. It was in the envelope and pinned to that flimsy paper there, that copy of Mr. Root's letter.

Mr. DENT. This paper here [indicating]?

Secretary KNOX. Yes. I have laid the papers before you just exactly in the form in which they were handed to me. I have had personal possession of them since they were delivered to me last week—a week ago yesterday—and I thought I would not let that voucher get away again.

Mr. DENT. I understand that this individual receipt of Mr. Rosenthal's came into your possession along with this voucher last week?

Secretary KNOX. Yes, sir; yesterday a week ago.

Mr. DENT. And that was the first time you ever heard of it?

Secretary KNOX. Yes, sir; the first time I ever heard of it; it came in attached to those papers.

Mr. DAVIS. Mr. Morrison testified that when he found this voucher this statement or explanation by Col. Michael was attached to it.

Secretary KNOX. Well, it is now, is it not? It was when I handed it over to you. You have unpinned it.

Mr. DENT. I referred to this individual receipt.

Secretary KNOX. That was attached to the other papers, to that copy of Mr. Root's letter; I noticed that particularly, that it was not attached to the same bundle.

Mr. DENT. With the voucher?

Secretary KNOX. With the voucher, no. I think there is a letter there from Mr. Rosenthal; I think Mr. Davis has it. That was in the bundle; I did not take anything out of the bundle at all.

The CHAIRMAN. Now, Mr. Secretary, you have looked over these papers?

Secretary KNOX. I have read them very carefully.

The CHAIRMAN. This letter from Michael, bearing date May 7, 1906, written from Calcutta, India, seems to indicate that he knew nothing about any receipt being given by Rosenthal, does it not?

Secretary KNOX. Well, the letter speaks for itself. I haven't it, but my impression is it did not say anything about a receipt.

The CHAIRMAN. I call your attention to this paragraph:

The voucher was to be signed by me, and not Mr. Rosenthal. If he signed the voucher instead of a receipt, it was through error. There was no such purpose. If the voucher was sent him to sign it was by inadvertence; and it seems to be unaccountable that he should have signed such a voucher if it had been sent to him. He was paid in full for the portrait, I am quite sure.

Secretary KNOX. Well——

The CHAIRMAN. Now, Mr. Secretary, are you acquainted with the handwriting of Michael?

Secretary KNOX. No, sir.

The CHAIRMAN. Are you acquainted with the handwriting of Mr. Morrison, your disbursing clerk?

Secretary KNOX. Only as to his initials; I never see his handwriting only as he initials documents.

The CHAIRMAN. You do not know his handwriting?

Secretary KNOX. No, sir. Are you trying to get at whose handwriting that is on the voucher?

The CHAIRMAN. Yes.

Secretary KNOX. Mr. Carr, did not we find out whose handwriting that was on the voucher?

Mr. CARR. Yes; if I remember correctly that is the handwriting of Mr. Aten, who used to be a clerk in the department.

Secretary KNOX. The first thing I wanted to know was who wrote that?

Mr. CARR. I think, Mr. Chairman, there is a note on the papers which explains whose handwriting it is.

The CHAIRMAN. We will put you on the stand, Mr. Carr, and then you can testify.

Secretary KNOX. Well, if that is so that there is a note attached showing whose handwriting that is, that explains it; why it was put on, and when it was put on. I think that, in view of the publicity that has been given this matter, we ought to have that letter of Mr. Root's, the answer of Mr. Michael, and the explanatory notes attached to the voucher, spread upon the record.

The CHAIRMAN. If the committee agrees with me, I should be very glad to have this letter of Mr. Root's go into the record, and also Mr. Michael's reply.

Secretary KNOX. Well, as that is the only information on the subject, I think that should obviously be done.

The CHAIRMAN. You know nothing about it, then?

Secretary KNOX. No; not a thing.

The CHAIRMAN. We will be very glad to have it go in; and we also want this voucher to go in.

Mr. DAVIS. We do not want to conceal anything; we want to make it public.

Secretary KNOX. I know; but we are only exchanging views as to how best to get it brought out. Would you mind, Mr. Chairman, allowing me to take those originals and give you certified copies. I have certified copies of everything; certified according to law.

The CHAIRMAN. All right.

Secretary KNOX. If you will permit me, I would like to have it appear on the record that I hand you certified copies, certified under the act of Congress, of the voucher, of Mr. Root's letter of March 28, 1906, to W. H. Michael; Mr. Michael's reply, dated Calcutta, India, May 7, 1906, and likewise a copy of the receipt of Albert Rosenthal. And I want to state in this connection that the original papers will remain in my personal possession, and if you desire to inspect them at any time I can bring them to you.

The CHAIRMAN. At any time we may wish to do so?

Secretary KNOX. Yes, sir.

(The papers referred to by Secretary Knox are as follows:)

Form No. 217.

THE UNITED STATES TO ALBERT ROSENTHAL, Dr.

On account of the appropriation for emergencies arising in the Diplomatic and Consular Service, 1903:

Dec. 17, 1903, for expenses incurred and to be paid out of the emergency fund appropriated for 1903----- \$2,450

(For portrait of Judge Day, late Secretary of State.)

Approved:

JOHN HAY.

Received this 18th day of January, 1904, from Thomas Morrison, chief Bureau of Accounts and Disbursing Clerk, Department of State, the sum of two thousand four hundred and fifty dollars, in full payment of the above account.

ALBERT ROSENTHAL.

\$2,450.00.

(Said voucher was indorsed on the back as follows:)

Form No. 217.

APPROPRIATION FOR EMERGENCIES ARISING IN THE DIPLOMATIC AND CONSULAR SERVICE, 1903.

Voucher No. 228.

Paid to Albert Rosenthal for expenses (painting).

Amount, \$2,450.00

By check on the Treasurer of the United States, No. _____.

Dated _____.

Paid in cash January 18, 1904. Department of State.

No. —. Consular.

DEPARTMENT OF STATE,
Washington, March 28, 1906.

W. H. MICHAEL, Esq.,
American Consul General, Calcutta, India.

SIR: There has been found in the files of the Bureau of Accounts in this department a voucher bearing the number 228, unaccompanied by a bill or other memoranda, for the sum of \$2,450. This voucher reads, in typewritten text, "For expenses incurred and to be paid out of the emergency fund appropriated for 1903," under which is written in ink in a parenthesis (for portrait of Judge Day, late Secretary of State). At the foot of the voucher is a regular receipt for the sum of \$2,450, duly signed by Albert Rosenthal, dated 18th January, 1904.

As this amount is greatly in excess of the sum paid by the department for other similar portraits, and as it also seems in excess of the figure which this artist is accustomed to receive for his work, the department would be forced to the conclusion that the voucher signed by Rosenthal was actually made out to cover a number of emergency payments, of which the portrait was only one, were it not that the voucher for the whole sum was signed by Rosenthal alone.

You are requested to state, as far as you can from memory, exactly what was paid for the portrait in question, how it was paid, whether by cash or otherwise, and to indicate what other expenditures, if any, are included in the gross sum of the voucher, and any other explanatory facts within your knowledge.

I am, sir, your obedient servant,

ELIHU ROOT.

Confidential.]

CALCUTTA, INDIA, May 7, 1906.

Hon. ELIHU ROOT,
Secretary of State, Washington, D. C.

SIR: Your letter of the 28th of March was received in last Sunday's mail—the last mail from the United States—and my answer thereto goes forward by the first outward mail.

You call my attention to a "voucher bearing No. 228, unaccompanied by a bill or other memoranda, for the sum of \$2,450 * * * for expenses incurred and to be paid out of the emergency fund appropriated for 1903, under which is written in ink in parenthesis (for portrait of Judge Day, late Secretary of State), * * * duly signed by Albert Rosenthal, dated January 18, 1904.

"As this amount is greatly in excess of the sum paid by the department for other similar portraits, and as it also seems in excess of the figure which this artist is accustomed to receive for his work, the department would be forced to the conclusion that the voucher signed by Rosenthal was actually made out to cover a number of emergency payments, of which the portrait was only one, were it not that the voucher was signed by Rosenthal alone.

"You are requested to state, as far as you can from memory, exactly what was paid for the portrait in question, how it was paid, whether by cash or otherwise, and to indicate what other expenditures, if any, are included in the gross sum of the voucher, and any other explanatory facts within your knowledge."

In reply I have the honor to say that the price paid for the portrait, as nearly as I can now recall, was \$750. Whether this includes the cost of the frame I am unable to say.

My memory is not clear as to how payment was made. I am inclined to think, however, by drafts.

The price paid for the portrait was, I believe, agreed upon between ex-Secretary of State Day and Mr. Rosenthal. I was directed by Secretary Hay to write to Judge Day and ascertain whether the portrait was entirely satisfactory to him and the price agreed upon. In reply to my letter Judge Day said the portrait was satisfactory to him, and stated the price to be paid. This letter I handed to Secretary Hay. He took a memorandum out of his portfolio and, after looking at it, directed me to make out a voucher for a certain amount—I do not now recall the amount—to pay for the portrait, and to hand him the balance, which he desired to apply on other emergency accounts. He did not say what the accounts were, and the only impression I got was that they related in some way to Mr. Rockhill in connection with Chinese affairs.

The amount of the voucher—whatever it was—was delivered to me by some one from the Bureau of Accounts, according to my recollection. The price of the portrait was taken out of the envelope containing the money in the presence of Secretary Hay, who retained the balance.

The voucher was to be signed by me, and not Mr. Rosenthal. If he signed the voucher instead of a receipt it was through error. There was no such purpose. If the voucher was sent to him to sign it was by inadvertence; and it seems to me unaccountable that he should have signed such a voucher if it had been sent to him. He was paid in full for the portrait, I am quite sure.

Whatever was done in the premises was done by direction of Secretary Hay, as nothing could have been done otherwise; and if there is anything in the transaction open to criticism it is the error of sending to the artist a voucher which was not intended for his signature at all and which he should not have signed.

With respect, I have the honor to be,
Your most obedient servant,

WM. H. MICHAEL.

Received on the 18th day of January, 1904, the sum of seven hundred and ninety (790) dollars, for a portrait of Judge Day, late Secretary of State, for the Department of State.

ALBERT ROSENTHAL.

This does not include the frame for which Mr. Fischer received directly from the department, sixty dollars.

A. R.

The CHAIRMAN. Mr. Secretary, here seems to be a letter which you handed to us in the files, signed by Albert Rosenthal, but not addressed to anyone, in relation to the signing of this voucher and approval by Mrs. Hay of the portrait that he had painted of Secretary Hay—do you know anything about that?

Secretary KNOX. Nothing at all, except I found it in the envelope that was handed to you.

The CHAIRMAN. And it is dated Washington, March 23, 1906, but clearly in the handwriting of somebody else besides Rosenthal. Do you know anything about that?

Secretary KNOX. Nothing at all. All I know is that I did not want to take anything out of that envelope, so you could have the thing as I found it.

The CHAIRMAN. Will you look at that?

Secretary KNOX. Is not that in his handwriting?

The CHAIRMAN. Not if this is his handwriting.

Secretary KNOX. It looks to be his writing, generally; if that is his signature, I think there is no difference.

The CHAIRMAN. Which do you mean?

Secretary KNOX. Do you mean the body of the letter?

The CHAIRMAN. I mean the date.

Secretary KNOX. Oh, the date on it?

The CHAIRMAN. Yes; March 23, 1906?

Secretary KNOX. I should say that is in the same handwriting.

The CHAIRMAN. You think it is?

Secretary KNOX. I should say so. It is usual to have the caption of a letter written in a little bolder hand; I think that is not uncommon; that would be my judgment.

The CHAIRMAN. You think that is the same handwriting?

Secretary KNOX. That would be my judgment.

The CHAIRMAN. You do not know to whom this letter was addressed?

Secretary KNOX. No; I know nothing more about it than you do.

The CHAIRMAN. Nothing in the world?

Secretary KNOX. No.

The CHAIRMAN. You have not a certified copy of this?

Secretary KNOX. No. I do not care anything about it; if you want to keep that letter it is all right.

The CHAIRMAN. Do you not think we ought to have this little memorandum?

Secretary KNOX. You have a copy of that memorandum, have you not? No; I see there is only a copy of the letter.

Mr. CARR. I think there is only a copy of the letter.

Secretary KNOX. You can take that original and pin it onto your copy, if you want to; all I want to know is where it is if I want it.

Mr. DAVIS. That was attached to Mr. Michael's letter?

Secretary KNOX. Yes. Then you are keeping two originals, the memorandum attached to Mr. Michael's letter and Mr. Rosenthal's letter?

The CHAIRMAN. There is this Morrison letter; have you a certified copy of that?

Secretary KNOX. No; you can keep that, and we will get a copy of it if we want it for our files.

The CHAIRMAN. This note, dated June 9, 1906, signed T. Morrison, is also retained. I think we ought to keep the original of this receipt.

Mr. DAVIS. It is not a part of any file?

Secretary KNOX. It is a part of the files of the State Department. I have given you a certified copy.

The CHAIRMAN. I know; but I want it for the handwriting.

Secretary KNOX. I shall have to refuse to leave the original document. I give you what under the law is equivalent, and I give you

my word that I will keep personal possession of these documents, and you can have them whenever you want them.

Mr. DENT. Does your certified copy show that part is in type-writing and part in handwriting?

Secretary KNOX. No; it is just a straight certified copy; but you can make any annotation on it that you please. I can have a photograph of it made for you.

The CHAIRMAN. All right; we will not retain it.

Secretary KNOX. You can get it at any time.

The CHAIRMAN. On the certified copy of the receipt signed by Albert Rosenthal for \$790 the following is written in longhand:

This does not include the frame, for which Mr. Fischer received directly from the department \$60. A. R.

And that is apparently in the handwriting of Albert Rosenthal. Now, Mr. Secretary, you will keep that receipt so that we can get it at any time?

Secretary KNOX. I will keep it personally, sir.

The CHAIRMAN. You will not put it in the disbursing office?

Secretary KNOX. No, sir; I will not put it in anybody's hands until after this grand inquest is over.

The CHAIRMAN. Were all of these papers which you have produced to-day lost with this voucher?

Secretary KNOX. Mr. Hamlin, I can tell you no more than I have already told you, that I instituted or directed a search to be instituted for these papers several weeks ago, when I first heard from Mr. Rosenthal that there was some discrepancy between the amount of money that he had actually received and the amount of money that he had receipted for; and I have been inquiring from day to day if anything had been discovered; and I received no report to the effect that anything had been discovered until a week ago yesterday, when I was handed an envelope containing these papers, and nothing more or nothing less than I handed you to-day.

The CHAIRMAN. From whom did you receive that envelope?

Secretary KNOX. Mr. Carr.

The CHAIRMAN. Whom had you directed to make this search?

Secretary KNOX. I issued that direction, and I issue all directions to the employees of the Department of State, through the Assistant Secretary of State, Mr. Wilson.

The CHAIRMAN. Do you know who was specially detailed to look for these files?

Secretary KNOX. Well, I assume that Mr. Morrison would be the man that would be the most directly interested, because he was responsible for the disbursements of the department, and it seemed more immediately to affect him than anybody else; therefore I fancy he was the one who was most busy about it, although I can only answer on general principles; but that is probably what happened.

The CHAIRMAN. Is it customary down there to have parties whom you owe to sign blank vouchers?

Secretary KNOX. No, sir; not now; I do not know what the custom was eight or nine years ago.

The CHAIRMAN. You do not do business that way now?

Secretary KNOX. I am trying to introduce as modern and accurate methods within the department as possible.

Mr. DAVIS. Is it your custom, Mr. Secretary, to allow the chief clerk or any other subordinate officer to go to the custodian of vouchers and take them from the files?

Secretary KNOX. It is not my custom. I have issued directions that no important document shall be taken from the files without a written order from the Secretary or the Assistant Secretary.

Mr. DAVIS. Has that been your custom since you have been Secretary?

Secretary KNOX. Well, I could not say that has been the custom ever since, because when I went in there I realized that, as Mr. Root said to one of the committees of Congress some time before his retirement from the position, the department needed reorganization, and I found very archaic methods throughout the entire department, and I found that the conduct of the Diplomatic and Consular Service was not a satisfactory one, that the subdivisions of the work were not satisfactory, that the men who were there were not working to the best advantage and were not getting the best results, and I found that there were five or six different divisions and eight or nine different bureaus, and we started in to reorganize.

Mr. DAVIS. And in order to accomplish that reorganization you secured an appropriation from Congress?

Secretary KNOX. Yes, sir.

Mr. DAVIS. That has been fully recited to us by Assistant Secretary Huntington Wilson.

Secretary KNOX. Yes, sir.

Mr. DAVIS. How long have you been Secretary? Give us that information as near as you can.

Secretary KNOX. I think I qualified on the 5th of March, 1909.

Mr. DAVIS. Before the time that you instructed your inferior officers or your subordinates to make this search for these papers, had you ever heard of this matter?

Secretary KNOX. Never at all.

Mr. DAVIS. Nobody had ever called your attention to it?

Secretary KNOX. No, sir.

Mr. DAVIS. That there was any discrepancy in the voucher for painting the Day portrait?

Secretary KNOX. No; I never had heard of the Day portrait, although I knew it was hanging in the diplomatic reception room; that is all I knew about it.

Mr. DAVIS. So that if an employee should testify from the stand here that the papers were removed by the request or at the direction of the Secretary, that would not be true, would it?

Secretary KNOX. It would not be true if it applied to my term of office.

Mr. DAVIS. Either by phone or——

Secretary KNOX (interposing). Absolutely no; directly, indirectly, or any other way.

Mr. DAVIS. There is no qualification or limitation to that answer?

Secretary KNOX. Or mental reservation.

Mr. DAVIS. Do you recall any instance in which you have directed the chief clerk, or any other person, to remove any documents of this nature from the files?

Secretary KNOX. Not of this nature or any other nature.

The CHAIRMAN. So far as this portrait voucher is concerned, you have told us all that you know about it?

Secretary KNOX. I have told you all about it, which is nothing; I have produced all the papers that the department's files contain, and they speak for themselves; I have no information one way or another about it.

The CHAIRMAN. You have presented to the committee all the information you have .

Secretary KNOX. Absolutely.

The CHAIRMAN. You instituted an inquiry sometime ago, did you not?

Secretary KNOX. Yes.

The CHAIRMAN. You did not bring with you copies of your communications to Mr. Michael or to Mr. Denby?

Secretary KNOX. I did not; no, sir. I have no objection to it at this stage of the proceedings; all I asked him was what he knew about it and he telegraphed back that all he knew about it was contained in the letter that he wrote in 1906 to Mr. Root, and we started to look for that letter in addition to the voucher, and we found them both together.

The CHAIRMAN. Have you any objection to sending to the committee copies of those letters and having them incorporated in the record?

Secretary KNOX. Not a bit.

The CHAIRMAN. Your communications to Col. Michael and Mr. Denby in relation to the matter?

Secretary KNOX. I am perfectly willing at this stage to let you know all I know about it.

The CHAIRMAN. I think that is all.

Secretary KNOX. Now, that I am here I would like to make a statement about a matter that was before you yesterday, and that has been very inaccurately presented to the country. I do not know how it was presented to the committee, because I have not had an opportunity to read the testimony, and if you will permit me I would like to say something about that Hale matter.

The CHAIRMAN. What do you know about that?

Secretary KNOX. Well, I will tell you all I know about it. Mr. Hale was employed; I think it was, in June, 1908, by the then Secretary of State, Mr. Root, to perform certain services under the treaty of April 11, 1908, between the United States and Great Britain, affecting our Canadian Boundary. The provisions of that treaty were that there were two things to be done; one, the boundary was to be physically marked upon the ground, such boundary as had been ascertained and was not in dispute, for which a commission was appointed, a Joint High Commission, of which the gentleman who was here yesterday and testified—what was his name?

The CHAIRMAN. Tittman.

Secretary KNOX. Was a member. There was another provision in the treaty with respect to the line that passes through Passamaquoddy Bay, which has been in dispute between the United States and Canada ever since the foundation of this Government, and in respect to that unascertained line it was provided that the two Governments should undertake to ascertain and agree upon the boundary—the true boundary—and that they should make that agreement,

if possible, within six months—in fact, six months was made the limit within which they could make the agreement. The treaty provided that if they succeeded in reaching an agreement as to where the true line was, that that agreement should be reduced to the form of a protocol, and then the commissioners would be notified, including Mr. Tittman, and they then would proceed to locate the boundary marks, in accordance with the agreement. Now, then, the treaty went on and provided that if they could not reach an agreement then the thing automatically went to arbitration, to arbitrators to be appointed in the usual way.

Now, Mr. Root employed Mr. Hale not to do anything that Mr. Tittman was employed to do, because Mr. Tittmann was employed to mark an ascertained line, while Mr. Root employed Mr. Hale to perform the diplomatic service of conducting, on the part of the United States, the negotiations with Great Britain in endeavoring to reach an agreement as to this line, and the result of the negotiation was a failure, and I have the correspondence if you care to have it. Then the matter automatically went to arbitration. In the meanwhile I had come into office, and Mr. Bryce and I started to arrange for the arbitration, and Congress appropriated, I think, \$15,000 to carry on the arbitration. Mr. Bryce was in the office one day, and he and I talked the matter over and concluded that the subject matter was hardly worth the expense it would take to arbitrate it. And we sat down and between ourselves reached an arbitrary agreement as to the line; we came to an understanding about it, which was reduced to writing and made a treaty between the United States and Great Britain, which was ratified by the Senate, and that closed it up.

Now, then, two or three weeks after I came into office Mr. Chandler Anderson, who had also been connected with this work under the auspices of Mr. Root, came in to see me and told me that Mr. Frederick Hale had sent his bill for services rendered to the department in trying to carry out these negotiations with Great Britain with respect to an agreement upon the boundary line in Passamaquoddy Bay, and asked me to approve Mr. Hale's bill. I asked him what the facts were, and he told the story that I have just now told you. But he said further that Mr. Hale had rendered his bill some time before I came into the department, and that it was for some \$6,100, I think, and that Mr. Root had called Mr. Anderson's attention to the fact that there was only \$5,000 of the appropriation available for such an expense, and that unless Mr. Hale would reduce his bill to the amount of the appropriation the matter would have to stand over until a new appropriation could be made to pay the bill in full. While Mr. Anderson was negotiating with Mr. Hale in respect to this reduction, the change in the office came about, and I O. K'd the bill on Mr. Anderson's statement of the facts. And an examination of the records of the department, which I have here, and will be very glad to furnish certified copies of, will confirm that story entirely.

The CHAIRMAN. Now, Mr. Secretary, the disbursing officer of the Coast and Geodetic Survey had been designated as the disbursing officer for this commission, had he not?

Secretary KNOX. For the commission—for the work of the commission—but not for the diplomatic work of the Department of State.

The CHAIRMAN. And the \$5,000 that was paid to Hale was put in an estimate down at the State Department, was it not?

Secretary KNOX. It was put in the estimates by Mr. Root, for the purpose of enabling him to discharge the duty imposed upon the department by treaty.

The CHAIRMAN. This is the only voucher, so far as you know, that was paid through the disbursing office of the State Department out of that fund?

Secretary KNOX. I should think that would be the only one, because the other——

The CHAIRMAN (interposing). Have you investigated to find out?

Secretary KNOX. The other disbursements would be the disbursements of the commission in marking the ascertained line; this disbursement was for the purpose of ascertaining a line, and the ascertaining of a line is a diplomatic matter between two countries. When there is a boundary dispute that can not be ascertained by a commission that is ascertained directly by diplomatic authorities.

The CHAIRMAN. You never did indorse that voucher?

Secretary KNOX. I approved the bill.

The CHAIRMAN. But you did not indorse the voucher?

Secretary KNOX. I do not know what became of it after I approved the bill.

The CHAIRMAN. Is that the practice you have down there, that you just approve the bill presented and do not sign the voucher?

Secretary KNOX. No; that is not the practice now at all.

The CHAIRMAN. How did you happen to do it in that particular instance?

Secretary KNOX. The matter came to me within a few weeks after I came into the department, and it was handed to me as a matter that had about been completed under the other administration, and all I was asked to do was to approve this bill, and after I approved the bill I know nothing about the course of the matter.

The CHAIRMAN. You say now, though, that you always indorse the original voucher, do you?

Secretary KNOX. I indorse the voucher when it is brought to me for indorsement. I sign hundreds and hundreds of papers in the course of a day, and I am, perforce, bound to trust the officers that the Government provides for the transaction of the details of the department.

The CHAIRMAN. Do you know Frederick Hale?

Secretary KNOX. No; I do not.

The CHAIRMAN. The party who received this money?

Secretary KNOX. No.

The CHAIRMAN. You do know who he is?

Secretary KNOX. Yes; I know who he is.

The CHAIRMAN. Who is he?

Secretary KNOX. The son of former Senator Hale, of Maine, and a prominent lawyer in Maine, as I understand it.

The CHAIRMAN. Has he a brother in your department?

Secretary KNOX. Yes; Third Assistant Secretary of State.

The CHAIRMAN. What is his name?

Secretary KNOX. Chandler Hale.

The CHAIRMAN. How long has he been Third Assistant Secretary?

Secretary KNOX. I think he was appointed within a year after I became Secretary.

The CHAIRMAN. Some time in 1910?

Secretary KNOX. I think so; yes, sir.

The CHAIRMAN. Had he been connected with the department previous to that time?

Secretary KNOX. No, sir; I think at one time in the past he had been connected with the diplomatic service, some years ago; I am sure he was.

The CHAIRMAN. You do not know just when it was?

Secretary KNOX. No.

The CHAIRMAN. You did not employ Frederick Hale to do this work?

Secretary KNOX. No.

The CHAIRMAN. All you know is what the solicitor told you?

Secretary KNOX. The counselor of the department told me—he was not then the counselor—what I can show you from this correspondence.

The CHAIRMAN. You say you have some papers there?

Secretary KNOX. I would like, in justice to the people who are connected with this transaction—it is no concern of mine—to place this correspondence in the record.

The CHAIRMAN. Well, put it in.

(Said correspondence is as follows:)

DEPARTMENT OF STATE.

Washington, June 19, 1908.

Mr. FRED HALE, *Portland, Me.*

SIR: I inclose herewith a copy of the treaty recently entered into between the United States and Great Britain for the more complete definition and demarcation of the international boundary between the United States and Canada.

The portion of the boundary which extends through Passamaquoddy Bay is covered by article 1 of this treaty, which makes special provision of the settlement of the long-standing dispute as to the nationality of the small island and certain fishing grounds in this bay, upon the determination of which the location of a portion of the line is dependent. The provision referred to is as follows:

“* * * inasmuch as differences have arisen in the past as to the location of the line with respect to Pope’s Folly Island above Lubec Narrows and with respect to certain fishing grounds east of the dredged channel below Lubec Narrows, it is agreed that each of the high contracting parties shall present to the other within six months after the ratification of this treaty a full printed statement of the evidence, with certified copies of the original documents referred to therein which are in his possession, and the arguments upon which it bases its contentions, with a view to arriving at an adjustment of the location of this portion of the line in accordance with the true intent and meaning of the provisions relating thereto of the treaties of 1783 and 1814 between the United States and Great Britain, and the award of the commissioners appointed in that behalf under the treaty of 1814; it being understood that any action by either or both Governments, or their representatives authorized in that behalf, or by the local governments on either side of the line, whether prior or subsequent to such treaties and award, tending to aid in the interpretation thereof, shall be taken into consideration in determining their true intent and meaning. Such agreement, if reached, shall be reduced in writing in the form of a protocol and shall be communicated to the said commissioners, who shall lay down and mark this portion of the boundary in accordance therewith and as herein provided.”

You will appreciate the importance of finally determining the question here presented, both on account of the interest of the United States and the State of Maine, in having the location of this portion of the boundary established, and

on account of the private interests involved in the ownership of the island and the use of the fisheries. I desire to secure the aid of some one who is familiar with local conditions and will fully represent the interests referred to as counsel for the Government in the preparation of the evidence and the printed statement called for by the treaty provisions above quoted, and I should be glad to have you act in that capacity for the Government in this matter.

I hope you will find it possible to render this service, and inasmuch as the time within which the printed statement on each side must be exchanged is limited by the treaty to six months, which will expire on December 4 next, I request that you will advise me at your earliest convenience whether or not you will undertake the work proposed.

Mr. Chandler P. Anderson, who has been engaged with me in the preparation of this treaty, has collected considerable material in support of the position of this Government on the issues presented, and this will be available for use in this work. Mr. Anderson, who is familiar with the historical and diplomatic side of the controversy will cooperate with you in the matter.

I am, sir your obedient servant,

ELIHU ROOT.

[New England Telephone. Harry Michels Booth, Frederick Hale, Charles Dunbar Booth.]

Index Bureau. Received June 25, 1908. Department of State.

VERRILL, HALE AND BOOTH.
ATTORNEYS AND COUNSELORS AT LAW.
CASCO BANK BUILDING, 191 MIDDLE STREET.
PORTLAND, ME.

JUNE 23, 1908.

HON. ELIHU ROOT,
Secretary of State, Washington, D. C.

SIR: I have your letter of June 19, appointing me as counsel in certain matters connected with the boundary dispute between the United States and Canada. I shall be very glad to accept this appointment and shall await further notification from you.

Very respectfully, yours,

FREDERICK HALE.

F. H. R.

(Said letter was indorsed as follows:)

Filed June 10, 1909. 242.

Index Bureau, June 27, 1908. Department of State. 839/77.

Encl. 77.

NORTHERN BOUNDARY OF THE UNITED STATES.

PORTLAND, ME., *June 23, 1908.*

FREDERICK HALE:

Replying to letter of the 19th instant, accepts appointment as counsel in certain matters connected with the boundary dispute between United States and Canada and awaits further advices.

J. (Received June 25, 1908.)

Bureau of Appointments, June 30, 1908, Department of State.

Noted file.

Department of State, June 27, 1908. Second Assistant Secretary.

To the Solicitors:

Bureau of Appointments. To note and file. A. A. A.

Solicitor's office, June 29, 1908. Department of State. Appointments.

Copy sent in personal letter to Mr. Anderson, July 15, 1908.

O. T. C.

[New England Telephone, 110. Harry Michels Booth, Frederick Hale, Charles Dunbar Booth.]

Index Bureau, April 15, 1909. Department of State.

VERRILL, HALE AND BOOTH,
ATTORNEYS AND COUNSELLORS AT LAW,
CASCO BANK BUILDING, 191 MIDDLE STREET,
PORTLAND, ME.

APRIL 12, 1909.

HON. PHILANDER C. KNOX,
Secretary of State, Washington, D. C.

DEAR SIR: I inclose a bill for services and expenses for certain work done by my firm for the United States Government in relation to the boundary line between this country and Canada. The bill as originally presented was for \$6,176.16. Mr. Root suggested that this be cut down to \$5,000, and this has been done. I understand that provision has been made for the payment of the bill in the appropriation from Congress.

Very truly, yours,

FREDERICK HALE.

FH/R.

(Special appropriation. "Boundary line United States and Canada.")

(Said letter was indorsed as follows:)

Filed May 24, 1909. F. W. 242.

Index Bureau, April 15, 1909. Department of State. 839/215-216.

NORTHERN BOUNDARY OF THE UNITED STATES.

Inclosures 215-216.

PORTLAND, ME., *April 12, 1909.*

VERRILL, HALE & BOOTH (FREDERICK HALE).

Incloses bill for services and expenses for certain work done by his firm for the United States Government in relation to the boundary line between this country and Canada, which bill amounts to \$6,182.80, but will be discounted in order to reduce it to \$5,000. Go.

(Received April 15, 1909) 10.

Solicitor's office. April 15, 1909. Department of State.

Received April 16, 1909. Bureau of Accounts, Department of State.

Voucher mailed by disbursing clerk May 24, 1909.

File—Bureau of Accounts.

Mr. DENT. Did Mr. Hale have any official appointment from Secretary Root, or was he just employed in the capacity of agent or attorney?

Secretary KNOX. Well, I will tell you in a minute. Here is the whole contract. Here is Mr. Root's letter, addressed to Mr. Hale, dated June 19, 1908, in which he sets out the treaty I was telling you about—gives the nature of the employment, and how it was differentiated from the work of the commission, and then he goes on and tells him why he wants to employ him, he being a resident of Maine and being near the locality and in a position to get the evidence, and all that sort of thing, and offers him the employment. Now, then, Mr. Hale writes back accepting the appointment; and then the only other letter on the subject is Mr. Hale's letter to me in April, which was 60 days after I went in—no, about 30 days after I went in—saying:

I inclose a bill for services and expenses for certain work done by my firm for the United States Government, in relation to the boundary line between this country and Canada. The bill as originally presented was for \$6,176.16. Mr. Root suggested that this be cut down to \$5,000, and this has been done. I understand that provision has been made for the payment of the bill in the appropriation from Congress.

That is all I know about it. I thought it was only fair to these people to have this correspondence appear in the record, and I have taken advantage of what you have said to me several times, and which I absolutely believe, that you do not want to have anything appear in connection with these investigations that would unnecessarily embarrass the department or impair its usefulness.

The CHAIRMAN. Of course not; we only want to get at the facts.

Mr. DAVIS. Have you ever seen this voucher—this Hale voucher?

Secretary KNOX. I have not. The first I heard of it was that it was up here.

Mr. DAVIS. I want to show it to you in order that you may become familiar with it.

Secretary KNOX. This is the direct route to the department; so I am very happy to look at it.

Mr. DAVIS. There are blanks there for official signature?

Secretary KNOX. If that voucher had been technically regular, it ought to have been approved by the Secretary of State, and under the new orders that I have made involving the disbursements of the department vouchers will always be approved in the future; that is, if my orders are observed.

Mr. DAVIS. That is your signature on the other paper there?

Secretary KNOX. Well, I have assumed it was.

The CHAIRMAN. You would know your signature?

Secretary KNOX. I do not know that I would after it was cold; but that looks like mine. I do not want to commit myself too far.

Mr. DAVIS. Then this style of a voucher does not meet with your approval?

Secretary KNOX. I think, Mr. Davis, that any itemized bill against the Government ought to be submitted to the responsible head of the department and approved by him, and then the voucher by which the bill is paid ought to be approved. In that way there is a double check on the thing, and that is the best system.

Mr. DAVIS. Well, then, if this voucher was not to be approved by you, it ought to be approved by some official of the Government?

Secretary KNOX. Yes.

Mr. DAVIS. And in this instance there is absolutely a lack of approval by anyone?

Secretary KNOX. Yes. In that respect I would say that the voucher lacked regularity. But there is no defect in the substance of the thing; the vital thing is the bill, and the bill was before the head of the department and approved by the head of the department, and that, of course, was a sufficient warrant for its payment out of the appropriation.

The CHAIRMAN. I think we are through with this voucher, and I will be very glad to return it to you.

Secretary KNOX. Thank you.

The CHAIRMAN. And let the record show that the Hale voucher—I do not know the number of it—has been returned to the Secretary of State.

Mr. DENT. Mr. Secretary, as I understand you, Mr. Hale's services never accomplished anything for the Government? The real accomplishment was made by you and Mr. Bryce?

Secretary KNOX. I would not say that; all I say is that they did not result in an agreement between the United States and Great

Britain as to the boundary line through Passamaquoddy Bay. I remember what the difference was. Great Britain held out for what they called Popes Folly Island, in Passamaquoddy Bay, and they were very anxious to get that, and they also wanted certain fishing rights in the southern half of the bay. And after Mr. Bryce and I discussed the matter and took into consideration the real value of Popes Folly Island, and also the fact that these old fishing rights had been worked so long that there was no longer much profit in them, we came to an agreement.

Mr. DENT. Mr. Hale's services, then, resulted in reaching the point of a tentative arbitration, and you and Mr. Bryce took up the matter and settled it without an arbitration?

Secretary KNOX. Yes; because we thought that much cheaper and quicker.

TESTIMONY OF MR. HOWARD SANGSTON.

(The witness was duly sworn by the chairman.)

Mr. DAVIS. Where are you employed at present?

Mr. SANGSTON. At the Bureau of Accounts, Department of State; Mr. Morrison's messenger.

Mr. DAVIS. How long have you been in that employment?

Mr. SANGSTON. I have been in that bureau about nine years; a little over nine years.

Mr. DAVIS. Have you been Mr. Morrison's messenger during all of that time?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. Have you any recollection of getting any cash from the Treasury, at Mr. Morrison's request, to pay for the portrait of Secretary Day?

Mr. SANGSTON. Well, I bring a great deal of cash from the Treasury and from the bank also; cash and checks; that is my duty.

Mr. DAVIS. What kind of checks do you cash?

Mr. SANGSTON. Well, consular drafts and consular warrants that are issued from the Treasury Department, and sometimes checks of Mr. Morrison's in making payments——

Mr. DAVIS (interposing). Individual checks?

Mr. SANGSTON. I go with the clerk and we cash the checks for payment.

Mr. DAVIS. That is Mr. Morrison's individual checks?

Mr. SANGSTON. Yes, sir; for the payment of employees on the 15th and the last day of the month.

Mr. DAVIS. How are those checks made out? Describe one of them.

Mr. SANGSTON. "Pay to the order of myself," and the amount, and signed "Thomas Morrison, disbursing clerk," and he indorses it on the back.

Mr. DAVIS. Then they are payable to his order, are they?

Mr. SANGSTON. Yes, sir; that is, in payment of the salaries of the employees of the State Department, and the other checks that I have are the consular warrants and ambassadors' and ministers' warrants. I go over to the Treasury Department and get those from the Warrant Division.

Mr. DAVIS. You get the money, do you—the currency?

Mr. SANGSTON. No; we get the warrant—the Treasury warrant—from the Treasury Department and take it back; and then sometimes we may have to go to the bank and cash it for the consul or ambassador or minister.

Mr. DAVIS. Do you get the currency right out of the Treasury Department?

Mr. SANGSTON. No, sir.

Mr. DAVIS. Do you not ever do that?

Mr. SANGSTON. Well, sometimes. But most of those warrants are made on the Assistant Treasurer of the United States in New York, and therefore you have got to go to the bank and cash them, because the Treasury will not cash them here.

Mr. DAVIS. Do you remember several years ago that you went there and got \$2,450 upon the check of Mr. Morrison and getting it in currency out of the Treasury Department?

Mr. SANGSTON. That I could not say, sir; we have different amounts to get, and it is hard to tell.

Mr. DAVIS. I understood you to say you did not get any money out of the Treasury, but got some sort of a document?

Mr. SANGSTON. I was speaking of the consuls' and ambassadors' and ministers' warrants. We can not get any money out of the Treasury Department on them, because they are payable by the Assistant Treasurer.

Mr. DAVIS. Can you get money directly out of the Treasury upon the check of Mr. Morrison?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. And those checks are made out payable to himself, you say?

Mr. SANGSTON. Some of them.

Mr. DAVIS. Well, what do you have to do when you get one of those checks cashed?

Mr. SANGSTON. Take the money to Mr. Morrison.

Mr. DAVIS. Got the money?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. What do you give to the Treasury? Do you sign that check or give any receipt to the Treasury?

Mr. SANGSTON. No, sir; Mr. Morrison's indorsement or signature on the check is sufficient to get the money.

Mr. DAVIS. Without you giving anything whatever to the Treasury Department?

Mr. SANGSTON. Yes, sir; I have been identified by the officials of the State Department to the teller at the Treasury Department, and I do not have to sign; the checks with Mr. Morrison's signature and indorsement are enough to get the checks cashed.

Mr. DAVIS. If you go with a check for several thousand dollars, payable to Mr. Morrison's order, and he has indorsed it on the back, you simply present that check and get the money?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. Without giving any receipt in return?

Mr. SANGSTON. Yes, sir; it does not require a receipt.

Mr. DAVIS. They do not require a receipt?

Mr. SANGSTON. No, sir.

Mr. DAVIS. In any form?

Mr. SANGSTON. No, sir.

Mr. DAVIS. Simply count you out the money and you take it to Mr. Morrison?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. Do you remember several years ago getting upon one of his checks \$2,450 in payment for a portrait?

Mr. SANGSTON. I can not recall it, sir.

Mr. DAVIS. You can not recall anything of the kind?

Mr. SANGSTON. No, sir; you see there is another messenger there besides myself; there are two of us; he goes after money sometimes, and I go after it.

Mr. DAVIS. So you say, then, that the Treasury Department pays any amount of money on Mr. Morrison's check that is presented by you?

Mr. SANGSTON. To me, because I have been identified.

Mr. DAVIS. If presented by you, they pay you the currency without requiring you to give them any evidence or receipt that you have received the money at all?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. Have you been doing that for several years?

Mr. SANGSTON. I have been doing it ever since I have been in the department, a little over nine years.

Mr. DENT. Are you a bonded officer?

Mr. SANGSTON. No, sir.

The CHAIRMAN. Did you see anybody drop that voucher there on the floor the other morning?

Mr. SANGSTON. No, sir.

The CHAIRMAN. You are the man who picked it up?

Mr. SANGSTON. I am the one who picked it up in the afternoon.

The CHAIRMAN. It was in the afternoon instead of in the morning?

Mr. SANGSTON. It was in the evening, just before we went home.

The CHAIRMAN. What were you doing when you found that voucher?

Mr. SANGSTON. I was sitting in a chair waiting for Mr. Morrison, so I could close the windows——

The CHAIRMAN (interposing). What attracted your attention——

Mr. SANGSTON (continuing). And at the time the telephone rang and Mr. Morrison says, "Howard, answer the phone." I went and answered the phone, and Mr. Morrison gets a great many consular drafts, ministers' drafts, etc., and we stamp those, and Mr. Morrison throws the envelopes on the floor—the empty envelopes; well, it is my duty to pick those envelopes up in the evening and to go and put them in the wastebasket, and while I was doing this I discovered that envelope mixed up with these empty envelopes.

The CHAIRMAN. What attracted your attention? You were picking them up and throwing them into the wastebasket, were you not?

Mr. SANGSTON. Yes; but this was a long envelope.

The CHAIRMAN. Were not there other long envelopes there?

Mr. SANGSTON. No; the regular and ordinary size; some of them were small and crumpled, you know; they had been used and crumpled and were lying on the floor; this one was lying on the floor with a rubber band wrapped around it.

The CHAIRMAN. Had it been opened?

Mr. SANGSTON. That I could not say; I picked it up off the floor and put it on Mr. Morrison's desk.

The CHAIRMAN. Did you notice what it was before you picked it up?

Mr. SANGSTON. No, sir.

The CHAIRMAN. Did you say anything to him?

Mr. SANGSTON. I said, "Mr. Morrison, here is something I found on the floor." He looked at it, and he seemed very much surprised. He said, "Howard, where did you get this?" I said, "I found it by the wastebasket." He says, "This is the voucher that has been causing all the trouble."

The CHAIRMAN. Did he open it and look at it?

Mr. SANGSTON. He said, "This is the Rosenthal voucher," and then he opened the envelope and looked at it.

The CHAIRMAN. Did you look at the voucher, too?

Mr. SANGSTON. I did not have any right to look at it, sir.

The CHAIRMAN. Well, did you close your eyes?

Mr. SANGSTON. No; I did not close my eyes, but I did not reach over Mr. Morrison and look at the voucher.

The CHAIRMAN. You were standing close to him?

Mr. SANGSTON. I was standing beside his desk.

The CHAIRMAN. He was sitting at the desk and you were standing by where you could see?

Mr. SANGSTON. He was sitting to the right of me.

The CHAIRMAN. So you could see the voucher?

Mr. SANGSTON. No, sir; I was standing so I could see the back of the voucher and the papers that concerned it, but I never saw the face of it.

The CHAIRMAN. How did you know there were any papers concerning it?

Mr. SANGSTON. Well, I should judge so.

The CHAIRMAN. You are judging that?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. Had you been around the office all day?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. Did you see anybody who did not belong about the office come in there during that day?

Mr. SANGSTON. Well, ministers and consuls come in very often; it is hard to tell who comes in and goes out.

The CHAIRMAN. Now, in the office where you found this voucher, after you step inside the door you are fenced off from Mr. Morrison's desk by a railing, are you not?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. Did you find this voucher inside that railing or outside?

Mr. SANGSTON. I found it inside the railing.

The CHAIRMAN. Inside the railing?

Mr. SANGSTON. I should judge about 4 feet or $4\frac{1}{2}$ feet from Mr. Morrison's desk, lying there opposite the waste basket.

The CHAIRMAN. Did you ask anybody else down there if they knew how it got there?

Mr. SANGSTON. No, sir.

The CHAIRMAN. You did not ask anybody?

Mr. SANGSTON. No, sir.

The CHAIRMAN. You were not concerned?

Mr. SANGSTON. No, sir; it did not concern me.

The CHAIRMAN. And did Mr. Morrison ask anybody outside of you that you know of?

Mr. SANGSTON. Not that I know of. You see, I am merely a messenger and I am not looked on as a clerk, sir.

The CHAIRMAN. You are just a messenger?

Mr. SANGSTON. Yes, sir; they do not confide anything in me whatever.

The CHAIRMAN. Except cash—you carry the cash for them?

Mr. SANGSTON. Well, I go to the Treasury and get some of the cash, but not all.

The CHAIRMAN. Do they ever send you over to the department proper for papers?

Mr. SANGSTON. I make two trips a day there, sir.

The CHAIRMAN. For papers?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. Are you sure you did not bring that bundle of papers over from the department?

Mr. SANGSTON. Am I sure?

The CHAIRMAN. Yes.

Mr. SANGSTON. I do not look at the papers, sir. There is an order in the Treasury Department that a messenger is not allowed to look at papers.

The CHAIRMAN. And you never violate that order?

Mr. SANGSTON. Well, we have to take the mail out of the box in the index bureau and put it in a pouch and bring it over, but as far as reading the stuff, I never care to read it.

The CHAIRMAN. Now, then, you brought mail over that day, did you not?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. What time?

Mr. SANGSTON. Well, I brought it over at 9 o'clock and 3 o'clock.

The CHAIRMAN. Now, on that 3 o'clock delivery, did you come on the inside of this railing of Mr. Morrison's office to unload that pouch?

Mr. SANGSTON. I did; I put it right on Mr. Morrison's desk.

The CHAIRMAN. Where did you find this voucher relative to the place you were standing when you were unloading your pouch of mail that afternoon?

Mr. SANGSTON. I found it to the left, down by the waste basket, 4 feet or 4½ feet from where Mr. Morrison was sitting. Mr. Morrison sits at his desk as I am sitting at this table.

The CHAIRMAN. You did not look to see what you brought over that afternoon?

Mr. SANGSTON. No, sir.

The CHAIRMAN. Did you drop that voucher down there?

Mr. SANGSTON. I can not say, sir; I do not think so.

The CHAIRMAN. You do not think you did?

Mr. SANGSTON. No, sir.

The CHAIRMAN. From whom did you get the mail that afternoon?

Mr. SANGSTON. The index clerk.

The CHAIRMAN. From where?

Mr. SANGSTON. The Index Bureau; they have the distributing of all mail.

The CHAIRMAN. You say Mr. Morrison said, "This is the Rosenthal voucher" ?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. Did he say that before he opened the envelope?

Mr. SANGSTON. He looked at it, and there was writing on the envelope; I think there was writing on it, and he looked and he says, "My, Howard, this is that voucher that is causing all this trouble," and I said, "What is that?" and he said, "The Rosenthal voucher."

The CHAIRMAN. That was before he opened the envelope, was it?

Mr. SANGSTON. Well, he was opening it at the time.

The CHAIRMAN. He had not gotten it open and looked inside?

Mr. SANGSTON. Not all the way open.

The CHAIRMAN. He had not seen any of the papers on the inside when he said that?

Mr. SANGSTON. No, sir.

The CHAIRMAN. Did you look at it when you picked it up?

Mr. SANGSTON. No, sir; I was picking these empty envelopes up and I picked it up and I put it on his desk.

The CHAIRMAN. Did you know they were searching for the Rosenthal voucher?

Mr. SANGSTON. I read something in the paper, sir.

The CHAIRMAN. That is the only way you knew it?

Mr. SANGSTON. Yes, sir.

Mr. DENT. Did you hear Mr. Morrison speak about it?

Mr. SANGSTON. No, sir; not a word; the only thing I know of it is what I have seen in the papers.

Mr. DENT. Was there any writing on the envelope?

Mr. SANGSTON. I think there was.

Mr. DENT. Do you remember what it was?

Mr. SANGSTON. No, sir; I did not read it.

Mr. DENT. You handed it to him because, you say, there was something inclosed in it?

Mr. SANGSTON. It was a long envelope with a rubber band around it; I picked it up and placed it on Mr. Morrison's desk.

The CHAIRMAN. Do you know what Mr. Morrison did with that voucher that night?

Mr. SANGSTON. I do not, sir.

The CHAIRMAN. Did you see him place it anywhere?

Mr. SANGSTON. No, sir; when I left Mr. Morrison he was sitting at his desk.

The CHAIRMAN. You left the room before he did?

Mr. SANGSTON. I left about 10 minutes of 6; I told him I had an engagement and I would like to go home, and I closed the windows and left.

The CHAIRMAN. And he was there in the office when you left?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. How long was it after you found the voucher on the floor before you went home?

Mr. SANGSTON. Well, I should judge pretty close to an hour.

Mr. DAVIS. Were there many of these envelopes lying on the floor?

Mr. SANGSTON. These small envelopes; yes, sir.

Mr. DAVIS. How many, about?

Mr. SANGSTON. I should judge about 25 or 30.

Mr. DAVIS. This was the only long envelope in the bunch?

Mr. SANGSTON. Well, there were two or three of the long ones there mixed with them, but they were opened, you see, and crushed, where they had been opened and the drafts taken out.

Mr. DAVIS. Was this envelope sealed?

Mr. SANGSTON. I think not, sir.

Mr. DAVIS. Just had a rubber band around it?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. It was mixed up with the others, was it?

Mr. SANGSTON. It was lying on the floor with the others; yes, sir.

Mr. DAVIS. Lying right there with the others? It was not lying off to one side, was it?

Mr. SANGSTON. It was right in front of the waste basket, mixed up with all these envelopes.

Mr. DAVIS. As you were picking up the others you discovered this one?

Mr. SANGSTON. I discovered this one.

Mr. DAVIS. Among the balance?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. It was not separated from the others, but was mixed up with them?

Mr. SANGSTON. Lying flat on the floor; yes, sir.

Mr. DAVIS. With perhaps 25 or 30 others?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. You could readily see that the others were crushed?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. And this one, not being crushed and having a rubber band around it, it attracted your attention?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. You say there was no writing on it that you noticed?

Mr. SANGSTON. I do not know whether there was writing on it or not; I did not take time——

Mr. DAVIS (interposing). Why didn't you throw it in the waste basket with the others?

Mr. SANGSTON. Well, because it felt heavy, and, having a rubber band around it, it struck me that it might have been something important; but what it was I did not know, sir.

Mr. DAVIS. Does he not sometimes throw papers down there that are not crushed; large envelopes?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. Or something of that kind?

Mr. SANGSTON. No, sir; when he takes an envelope he takes the contents of the envelope out and crushes it in a shape like that [indicating] and throws it on the floor.

Mr. DAVIS. Is this the only voucher you have found lying there on the floor among this pile of papers?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. This collection of envelopes is thrown there every evening, is it not?

Mr. SANGSTON. Yes, sir; nearly every evening, I should say, and particularly on the days that Mr. Morrison receives a great amount of drafts.

Mr. DAVIS. And this is the only time you ever discovered anything among this so-called rubbish that looked to you as being of value?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. In all your service?

Mr. SANGSTON. Yes.

Mr. DAVIS. It immediately attracted your attention and you handed it over to him?

Mr. SANGSTON. Yes, sir.

Mr. DAVIS. And he at once told you it was the Rosenthal voucher?

Mr. SANGSTON. Yes, sir; he looked at it and said, "Where did you find it?" I said, "I found it down beside the wastebasket." He said, "That is the voucher that has been causing all this trouble."

Mr. DAVIS. And named Rosenthal, did he?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. What time do you go to work in the morning?

Mr. SANGSTON. Eight o'clock.

The CHAIRMAN. What time do you leave in the afternoon?

Mr. SANGSTON. Well, every other evening I leave at 4.30, and on other evenings I am there from 4.30 up until 6.30.

The CHAIRMAN. Now, on this particular evening was it your time to stay on?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. But you did not stay very late?

Mr. SANGSTON. My evenings are Mondays, Wednesdays, and Fridays, and the other man's evenings are Tuesdays, Thursdays, and Saturdays.

The CHAIRMAN. What day of the week was this voucher found?

Mr. SANGSTON. It was either on Monday or Wednesday of last week.

The CHAIRMAN. And you left immediately after finding this voucher?

Mr. SANGSTON. No, sir; not immediately.

The CHAIRMAN. How long?

Mr. SANGSTON. The voucher was found, I think, at 5 o'clock, or a little after, and I did not leave until 10 minutes of 6.

The CHAIRMAN. Now, what fixes the time in your mind as to when this voucher was picked up on the floor? Did you look at the clock to see?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. Why did you do that?

Mr. SANGSTON. Because the evenings I am on I am always looking at the clock to see the time.

The CHAIRMAN. Did you stoop down and pick up the voucher and then look at the clock? Do you do that every time?

Mr. SANGSTON. Do I do what?

The CHAIRMAN. Did you stoop down and pick up the voucher and then look at the clock?

Mr. SANGSTON. I did not.

The CHAIRMAN. You had to stoop down to pick up the voucher?

Mr. SANGSTON. Yes, sir; off of the floor.

The CHAIRMAN. When you raised up you looked at the clock, did you, and saw what time it was?

Mr. SANGSTON. I did not, no; I did not look at the clock right away, but I said it was around 5 o'clock or a little after.

The CHAIRMAN. Now, do you remember anything else you did on that evening after that time?

Mr. SANGSTON. This same evening?

The CHAIRMAN. Yes.

Mr. SANGSTON. No, sir.

The CHAIRMAN. You do not remember anything else?

Mr. SANGSTON. No, sir.

The CHAIRMAN. Did you perform any other services there except to pick up those envelopes and pull down the windows?

Mr. SANGSTON. Well, I sat down there and helped Mr. Morrison get up his mail.

The CHAIRMAN. How do you help him get it up?

Mr. SANGSTON. Well, the papers that come over from the State Department he stamps with a dating stamp.

The CHAIRMAN. Do you help do that stamping?

Mr. SANGSTON. I hit the stamp; yes, sir.

The CHAIRMAN. Do you look at the clock every time you hit the stamp?

Mr. SANGSTON. No, sir; I would get a stiff neck if I did.

The CHAIRMAN. What time did you quit hitting the stamp that evening?

Mr. SANGSTON. Well, we got through, I suppose, about a quarter after 5 or twenty minutes after 5.

The CHAIRMAN. Now, what makes you think you got through that particular evening at twenty minutes after 5?

Mr. SANGSTON. I was watching the clock.

The CHAIRMAN. Did you find the voucher before you quit hitting the stamp or after?

Mr. SANGSTON. Before.

The CHAIRMAN. How long before?

Mr. SANGSTON. Well, I should judge about 10 or 15 minutes before. The telephone rang and Mr. Morrison asked me to find out what it was; after I hung the receiver up I started to pick up these empty envelopes and discovered this envelope on the floor and turned it over to Mr. Morrison.

The CHAIRMAN. Did you talk to Mr. Morrison down there about finding this envelope?

Mr. SANGSTON. No, sir.

The CHAIRMAN. Never mentioned it?

Mr. SANGSTON. No, sir.

The CHAIRMAN. Did you mention it to this other messenger?

Mr. SANGSTON. No, sir. The first he knew of it was when it came out in the papers.

The CHAIRMAN. How do you know?

Mr. SANGSTON. Well, he said so.

The CHAIRMAN. I thought you said you never mentioned it to him?

Mr. SANGSTON. I said the first he knew of it was when it came out in the paper.

The CHAIRMAN. How do you know that?

Mr. SANGSTON. Well, he told me.

The CHAIRMAN. I thought you said you did not mention it to him?

Mr. SANGSTON. Well, we commenced talking about it when the piece came out in the paper, and he said, "Look here"——

The CHAIRMAN. When was that?

Mr. SANGSTON. Well, the first day it came out in the paper—either yesterday or day before yesterday, whatever day it was.

The CHAIRMAN. When did you have this talk with this other messenger?

Mr. SANGSTON. Yesterday or day before; it was the first day it came out in the paper.

The CHAIRMAN. Was it yesterday or day before?

Mr. SANGSTON. I can not say; I can not recall what day it was it came out.

The CHAIRMAN. You do not remember when you had the conversation? Where did you have it?

Mr. SANGSTON. We were sitting right in the back room, and he picked up the morning paper——

The CHAIRMAN (interposing). He picked up the morning paper?

Mr. SANGSTON. It was not this morning.

The CHAIRMAN. Not this morning?

Mr. SANGSTON. No, sir.

The CHAIRMAN. You are sure of that?

Mr. SANGSTON. Sure of that.

The CHAIRMAN. And it was the morning paper in which you read it?

Mr. SANGSTON. Yes, sir.

The CHAIRMAN. Do you not know it did not appear in the morning papers until this morning; that it was not disclosed until late yesterday afternoon?

Mr. SANGSTON. What, the first part of the voucher? I think it appeared yesterday; the first part of this case was yesterday, sir.

The CHAIRMAN. Do you not know it was not disclosed until the afternoon of yesterday, and the first appearance in the papers was yesterday afternoon, and this morning was the first time it appeared in the morning papers?

Mr. SANGSTON. I am sure I do not know that, sir.

The CHAIRMAN. Now, your recollection of that matter is just as clear as it is on these other matters, is it not?

Mr. SANGSTON. No, sir; but I think it appeared in some other morning paper besides this morning's paper.

The CHAIRMAN. Do you swear that nobody gave you that voucher?

Mr. SANGSTON. I swear, by God, that I did not know anything about the voucher until I put it on Mr. Morrison's desk and he told me. I will take an oath before God to it.

(Thereupon the committee adjourned.)

No. 8

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JUNE 16, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

{Committee room, basement, main building. Telephone 278. Meets on call.}

COURTNEY W. HAMLIN, *Chairman*, Missouri.

S. H. DENT, JR., Alabama.

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SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES IN
THE STATE DEPARTMENT.

FRIDAY, JUNE 16, 1911.

The subcommittee met at 3 o'clock p. m., Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. THOMAS MORRISON—Continued.

The CHAIRMAN. Mr. Morrison, have you those documents that we asked you to bring up?

Mr. MORRISON. I have the voucher from the Secretary of State that you asked for.

The CHAIRMAN. Did you bring up a stub of your draft for the \$2,450 which you say you paid to W. H. Michael?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You said that at the time you turned over the voucher and papers to Mr. Denby you made a memorandum?

Mr. MORRISON. I did not bring that. Mr. Chairman; I thought maybe it was here, but it is not; it is simply a letter from Mr. Carr.

The CHAIRMAN. You say you did not bring that memorandum that you made, or the notation that you made?

Mr. MORRISON. I did not think of it, Mr. Hamlin; I had my mind on this to-day; I think you called me on the telephone about it.

The CHAIRMAN. I believe you testified the other day that this messenger, Sangston, went to the Treasury and got this money and brought it to you?

Mr. MORRISON. Well, I think it was Sangston; either he or the other one.

The CHAIRMAN. How did you deliver that money to Michael?

Mr. MORRISON. It was handed to him.

The CHAIRMAN. By whom?

Mr. MORRISON. I handed it to him myself.

The CHAIRMAN. You paid it to Michael yourself?

Mr. MORRISON. Yes, sir; I handed the money to him.

The CHAIRMAN. On the day that you got it out of the Treasury?

Mr. MORRISON. No; it was a few days after. I think the voucher shows. Will you let me see the voucher again? This is the date that corresponds with the date the payment was actually made.

The CHAIRMAN. January 18, 1904? Now, you paid this money, then, to Michael on January 18, 1904, as shown by the voucher?

Mr. MORRISON. Well, that is supposed to be the correct date, I believe. It is so long ago I could not tell. We generally insert the date on the voucher.

The CHAIRMAN. Now, what is supposed to be the correct date? The date shown on the voucher?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Did you know anything about the voucher until you came to pay it?

Mr. MORRISON. No, sir; I never saw or heard of it.

The CHAIRMAN. How did you know you were to draw \$2,450 out of the Treasury two days before you ever saw or heard of the voucher?

Mr. MORRISON. I was instructed to get that amount of money.

The CHAIRMAN. By whom?

Mr. MORRISON. The chief clerk.

The CHAIRMAN. By the chief clerk? What was his name?

Mr. MORRISON. Col. Michael.

The CHAIRMAN. I understood you to say the other day that you only paid out money on the order of the Secretary of State?

Mr. MORRISON. Well, that came from the Secretary of State through the chief clerk.

The CHAIRMAN. But you had gone and drawn the money out of the Treasury two days in advance of that?

Mr. MORRISON. Precisely, I did; he told me to do it; I did not know what for at the time; I knew no more about it than you.

The CHAIRMAN. Do you make it a custom to draw large sums out of the Treasury and carry the money with you for days?

Mr. MORRISON. No, sir.

The CHAIRMAN. What did you do with that money on the 16th of January, when you drew it out of the Treasury?

Mr. MORRISON. I held it until it was called for.

The CHAIRMAN. How did you keep it?

Mr. MORRISON. I kept it in the safe.

The CHAIRMAN. In the safe in your office?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Do you make a practice of drawing money out of the Treasury and depositing it in the safe and keeping it there for days?

Mr. MORRISON. Only as it is needed. We are paying out every day in the week.

The CHAIRMAN. Did Chief Clerk Michael tell you what he wanted you to get this \$2,450 for on the 16th?

Mr. MORRISON. No; I knew nothing about what it was for.

The CHAIRMAN. Do you draw a check on the Treasury and take out money whenever any of the employees tell you they want you to do so, without presenting any legal voucher or approved voucher or order for it?

Mr. MORRISON. No; I draw the money out as it is needed.

The CHAIRMAN. Do you ever in your life remember drawing money out of the Treasury in advance of the presentation to you of a voucher, properly approved by the Secretary, as you did in this case?

Mr. MORRISON. No, sir.

The CHAIRMAN. Have you ever done it since?

Mr. MORRISON. I can not recall that I have.

The CHAIRMAN. How did you happen to do it in this particular case?

Mr. MORRISON. Because, as I said, I was instructed by the chief clerk to draw out that amount of money.

The CHAIRMAN. How were you instructed—orally or in writing?

Mr. MORRISON. Orally.

The CHAIRMAN. Did you ask Mr. Michael why he wanted you to do that?

Mr. MORRISON. No; I did not question it.

The CHAIRMAN. You did not question it?

Mr. MORRISON. No.

The CHAIRMAN. Did you ask him if he had a voucher for you to pay?

Mr. MORRISON. I assumed he had.

The CHAIRMAN. I did not ask you what you assumed. Did you ask him?

Mr. MORRISON. No; I did not ask him, because I did not know what was coming. I thought perhaps the Secretary of State had instructed him to do it.

The CHAIRMAN. Did you ask him whether the Secretary of State instructed him to do it?

Mr. MORRISON. No; because he speaks for the Secretary.

The CHAIRMAN. Then, on his verbal request you drew out \$2,450?

Mr. MORRISON. My orders come to me through the chief clerk, my orders from the Secretary.

The CHAIRMAN. But you did not ask him whether that money was wanted by the Secretary or not, did you?

Mr. MORRISON. No; I did not. But I assumed it did. My orders come through him.

The CHAIRMAN. How near was your office to the office of Col. Michael?

Mr. MORRISON. He was just above me.

The CHAIRMAN. On the next floor above?

Mr. MORRISON. Yes.

The CHAIRMAN. When you got the money on the 16th, the \$2,450, did you notify Col. Michael that you had that money?

Mr. MORRISON. I think I did, I do not know; I can not tell, as it is so long ago.

The CHAIRMAN. It would be natural for you to do so, would it not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Do you have any recollection as to what he said to you about it?

Mr. MORRISON. I do not.

The CHAIRMAN. And you kept that money until the 18th, did you?

Mr. MORRISON. It was on the 18th, I think.

The CHAIRMAN. How did you happen to pay it over on that day?

Mr. MORRISON. Because on that day he sent for it.

The CHAIRMAN. Because on that day he sent for it?

Mr. MORRISON. Yes; he sent this paper down to me, this voucher.

The CHAIRMAN. On that day he sent this voucher down to you?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You had never seen the voucher until the day you paid it?

Mr. MORRISON. No; I had not.

The CHAIRMAN. But you went and drew the money out of the Treasury——

Mr. MORRISON (interposing). Yes, sir; on the date of the check.

The CHAIRMAN. And kept it until the 18th, not knowing what was wanted with that money?

Mr. MORRISON. I did not.

The CHAIRMAN. And you have no recollection of ever having done a thing of that kind before since you have been in office?

Mr. MORRISON. I can not recall that I have, Mr. Chairman.

The CHAIRMAN. What is your best recollection about that—that you ever did or did not?

Mr. MORRISON. Well, it is not customary for me to do it.

The CHAIRMAN. Have you any recollection of ever having done it before or since?

Mr. MORRISON. No.

The CHAIRMAN. You have not?

Mr. MORRISON. No; not for any particular object or any particular account; I have to keep money on hand all the time in order to meet bills, as they come in every day in the week.

The CHAIRMAN. At the time you did pay Michael you did not give the money to him until he presented you with this voucher?

Mr. MORRISON. No, sir; that voucher was put in my possession first.

The CHAIRMAN. And this is the voucher he put in your possession?

Mr. MORRISON. Yes.

The CHAIRMAN. Just in the shape then as it is now?

Mr. MORRISON. Yes, sir; that is right.

The CHAIRMAN. Do you know of any change having been made in the voucher from the time it was first placed in your hands—when you paid the money—until now?

Mr. MORRISON. There was no change to my knowledge.

The CHAIRMAN. No change to your knowledge. It had the amount, \$2,450, on it, had it not?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. And was fully made out and signed already by Rosenthal?

Mr. MORRISON. Yes, sir; and the Secretary of State.

The CHAIRMAN. And indorsed by the Secretary of State?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Approved by the Secretary of State?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You never made any changes on it, then, yourself?

Mr. MORRISON. Oh, I did make a change.

The CHAIRMAN. What change?

Mr. MORRISON. I think you will find there inserted the words "Portrait for Judge Day."

The CHAIRMAN. Did you make that change?

Mr. MORRISON. One of the clerks of the bureau made it, because I was told it was for that purpose.

The CHAIRMAN. When did you do that?

Mr. MORRISON. Immediately after I heard it was for Judge Day's portrait.

The CHAIRMAN. When did you hear it was for Judge Day's portrait?

Mr. MORRISON. Perhaps a half hour after payment was made.

The CHAIRMAN. Who told you it was for Judge Day's portrait?

Mr. MORRISON. I heard up in Michael's room that it was for that purpose.

The CHAIRMAN. Well, who told you?

Mr. MORRISON. Well, I can not recall now who told me; there were a number of people in there at the time; it may have been Col. Michael himself.

The CHAIRMAN. Was it?

Mr. MORRISON. Well, we will assume it was; I am not saying positively that he did.

The CHAIRMAN. Who had authority to tell you? Did you go up there and ask them what this was for?

Mr. MORRISON. I inquired what it was for and was told it was for Judge Day's portrait, and for my own protection I had the indorsement put on it, which, I presume, is the one you refer to.

Mr. DAVIS. Why for your protection?

Mr. MORRISON. Why, because there was nothing to indicate what it was for.

Mr. DAVIS. I thought you paid whatever the chief clerk told you to pay without any question. Why for your protection put that in there?

Mr. MORRISON. Because of the amount.

Mr. DAVIS. Because of the amount?

Mr. MORRISON. Yes.

Mr. DAVIS. The size of the amount, was that it?

Mr. MORRISON. Yes; that attracted my attention.

Mr. DAVIS. There was nothing specified in there for what it was to be paid?

Mr. MORRISON. No.

Mr. DAVIS. And for your protection you went and inquired what this was for?

Mr. MORRISON. Yes; and I put that indorsement on it.

Mr. DAVIS. How could that protect you?

Mr. MORRISON. Well, it was for my information in connection with the payment.

Mr. DAVIS. How could it protect you? I understood that you pay everything the chief clerk tells you to pay, and that you draw money whenever he tells you to do so without any voucher.

Mr. MORRISON. No.

Mr. DAVIS. But you say in this case you drew it out before you had that voucher. The voucher was placed in your possession on the 16th, was it?

Mr. MORRISON. Yes; the voucher was placed in my possession before the payment was made.

Mr. DAVIS. I am talking about when you went to the Treasury and got the money; there was no voucher in your hands then?

Mr. MORRISON. No, sir.

Mr. DAVIS. You did not ask any questions as to what it was for?

Mr. MORRISON. I did not know what it was for.

Mr. DAVIS. You say you did not ask any questions because you always go and get money when the chief clerk tells you to do so; is not that right?

Mr. MORRISON. I do; yes.

Mr. DAVIS. And you did it in this case?

Mr. MORRISON. Yes.

Mr. DAVIS. And you paid this voucher two days afterwards?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. To Col. Michael in person?

Mr. MORRISON. Yes.

Mr. DAVIS. And two days afterwards you went up and inquired what it was for?

Mr. MORRISON. No; it was within a half hour or three-quarters of an hour.

Mr. DAVIS. You went up and inquired what it was for?

Mr. MORRISON. Yes.

Mr. DAVIS. Do you know of whom you made that inquiry?

Mr. MORRISON. No.

Mr. DAVIS. But for your protection you put in there that it was for this picture?

Mr. MORRISON. As I made the statement afterwards to Mr. Root.

Mr. DAVIS. How could it protect you? I thought the chief clerk's order protected you.

Mr. MORRISON. Well, so it did.

Mr. DAVIS. Why did you put that in there?

Mr. MORRISON. I put it in there on account of the amount, which I thought——

Mr. DAVIS (interposing). Do you not very frequently draw greater amounts than that?

Mr. MORRISON. Oh, yes.

Mr. DAVIS. It is always specified before you draw the money what it is for, is it not?

Mr. MORRISON. Not always.

Mr. DAVIS. But it is put in the voucher what it is for?

Mr. MORRISON. No; I never saw that before.

Mr. DAVIS. Is it not always put in the voucher just why the payment is made?

Mr. MORRISON. Yes.

Mr. DAVIS. But it was not in this case?

Mr. MORRISON. No.

Mr. DAVIS. And for your protection you thought you would go up and find out?

Mr. MORRISON. Yes.

Mr. DAVIS. You say you did not make the change in this voucher?

Mr. MORRISON. It was done by my direction.

Mr. DAVIS. Who made it?

Mr. MORRISON. One of the clerks in the bureau.

Mr. DAVIS. What is his name?

Mr. MORRISON. His name is Aten.

Mr. DAVIS. Is he still an employee of your department?

Mr. MORRISON. No; he is not now in the department.

Mr. DAVIS. He is out of your jurisdiction now?

Mr. MORRISON. Yes.

Mr. DENT. Where is he now?

Mr. MORRISON. He is in, I think, the Geological Survey.

Mr. DAVIS. You have it in the testimony to this effect, that you did not pay this money until the voucher was presented to you?

Mr. MORRISON. Yes.

Mr. DAVIS. And then you paid it to Mr. Michael?

Mr. MORRISON. Yes.

Mr. DAVIS. How did you happen to make this statement, "He sent the voucher down to me?"

Mr. MORRISON. He did.

Mr. DAVIS. It is in your testimony——

Mr. MORRISON (interposing). I took up the money to him; I gave the money to him in person.

Mr. DAVIS (continuing). That he sent it down to you before and you went up, that he sent the voucher down to you before you paid the money?

Mr. MORRISON. Not before the payment was made.

Mr. DAVIS. He did not bring the voucher down and you then exchanged documents?

Mr. MORRISON. Oh, no. He was there, and several people around him; I do not know who they were; they were all strangers to me.

The CHAIRMAN. You say that Aten——

Mr. MORRISON (interposing). That is Aten's handwriting.

The CHAIRMAN (continuing). Put this in there?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Did he put anything else on that voucher?

Mr. MORRISON. No, sir.

The CHAIRMAN. When was this writing put in there, "Two thousand four hundred and fifty one-hundredths"?

Mr. MORRISON. On this date.

The CHAIRMAN. On the 18th?

Mr. MORRISON. Yes.

The CHAIRMAN. Do you not know that on the same day he wrote that [indicating on voucher]?

Mr. MORRISON. Yes.

The CHAIRMAN. You say he did?

Mr. MORRISON. He filled it up?

The CHAIRMAN. Aten?

Mr. MORRISON. Yes.

The CHAIRMAN. But he did not fill it in at the same time that he filled this out?

Mr. MORRISON. As I explained, that was filled in afterwards; I did that.

The CHAIRMAN. You did that?

Mr. MORRISON. That is, by my directions; and I told Mr. Root.

The CHAIRMAN. About putting this in here?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You told Mr. Root what?

Mr. MORRISON. He inquired about this.

The CHAIRMAN. Who did?

Mr. MORRISON. Mr. Root.

The CHAIRMAN. And when did you put this in here?

Mr. MORRISON. After.

The CHAIRMAN. How long after?

Mr. MORRISON. I said it was a half hour or three-quarters of an hour afterwards, after the payment was made.

The CHAIRMAN. When you went up and paid the money to Michael did you, on that same trip, ask what it was for?

Mr. MORRISON. Yes.

The CHAIRMAN. And they told you it was for the Day portrait?

Mr. MORRISON. Someone told me it was for his portrait, and I put that in there.

The CHAIRMAN. Did they tell you whose portrait it was?

Mr. MORRISON. Yes.

The CHAIRMAN. And that information was given to you when you paid the money to Michael?

Mr. MORRISON. It was made, I say, about a half-hour or three-quarters of an hour afterwards.

The CHAIRMAN. I say, you got the information when you paid the money?

Mr. MORRISON. Yes.

The CHAIRMAN. Did Michael tell you?

Mr. MORRISON. I am not sure as to whether he did or not, but someone in his room did.

The CHAIRMAN. And had this been filled in before that time?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Where was that filled in?

Mr. MORRISON. Filled in in my room.

Mr. DENT. How is the stenographer to know to what you are referring?

The CHAIRMAN. I had forgotten about the stenographer. I will ask you when this writing, "Two thousand four hundred and 50/100" was filled in?

Mr. MORRISON. It was filled in before the payment was made to Col. Michael; then the payment was made and the voucher was then complete.

The CHAIRMAN. When was this date put in, "18 January, 1904"?

Mr. MORRISON. It was put in the day the payment was made.

The CHAIRMAN. By whom?

Mr. MORRISON. By one of the clerks in the bureau.

The CHAIRMAN. Which bureau?

Mr. MORRISON. The Bureau of Accounts.

The CHAIRMAN. Your bureau?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Well, now, the figure "18" and the word "January," and the figures "1904," are in typewriting, are they not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. While the voucher was in the machine for the purpose of filling in those blanks, why did you not have them write in "Two thousand four hundred and 50/100" on the machine?

Mr. MORRISON. I can not account for that, Mr. Chairman.

The CHAIRMAN. You do not know why?

Mr. MORRISON. I do not know; I can not account for that.

The CHAIRMAN. Did you see either one of these blanks filled in?

Mr. MORRISON. I can not say that I did; but I turn these matters over to the clerks to be filled in for me.

The CHAIRMAN. When you saw the voucher they were all filled in, were they?

Mr. MORRISON. Everything was complete.

The CHAIRMAN. Everything was complete?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Except this one item?

Mr. MORRISON. Excepting that one item.

The CHAIRMAN. But you found out it was for the Day portrait when you paid the money over to Michael?

Mr. MORRISON. I was told so.

The CHAIRMAN. In his office?

Mr. MORRISON. In his office.

The CHAIRMAN. And you came back and had that put in there?

Mr. MORRISON. Yes, sir; I thought that was the proper thing to do.

Mr. DENT. What was put in?

The CHAIRMAN. The words, "For the portrait of Judge Day, late Secretary of State." Do you know who made the indorsement on the back of this voucher, "Emergencies arising in the Diplomatic and Consular Service"?

Mr. MORRISON. That is Mr. Aten's writing.

The CHAIRMAN. That is the same man?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. When was that put on?

Mr. MORRISON. Possibly the same day, or next morning.

The CHAIRMAN. Do you not know about that?

Mr. MORRISON. The payment was in the evening.

The CHAIRMAN. Was this part of the voucher filled in before you paid the money to Michael?

Mr. MORRISON. It is always put in after.

The CHAIRMAN. This part on the back was all filled out afterwards?

Mr. MORRISON. Yes; we call that the jacket, you know.

The CHAIRMAN. And when was this stamp put on, "Paid by cash, Department of State"?

Mr. MORRISON. The day the payment was made.

The CHAIRMAN. After you had paid it?

Mr. MORRISON. Oh, yes.

Mr. DENT. Mr. MORRISON, I understand, then, that when this voucher was originally sent to you and you got the money to take to Col. Michael there was nothing on the face of the voucher to show what it was for?

Mr. MORRISON. No; as I said, I put that on afterwards.

Mr. DENT. Just answer my question. There was nothing on the face of the voucher showing what it was for?

Mr. MORRISON. No.

Mr. DENT. You just took the money in cash and paid it to Col. Michael?

Mr. MORRISON. Yes.

Mr. DENT. And ascertained in his office that it was for the portrait of Secretary Day?

Mr. MORRISON. Yes, sir; I was told so there.

Mr. DENT. Then you returned to your office and had some one in your office put on the face of the voucher this language in pen and ink?

Mr. MORRISON. Yes.

Mr. DENT. "For the portrait of Judge Day, late Secretary of State"?

Mr. MORRISON. Yes, sir.

Mr. DENT. And that was done under your direction by some clerk in your office?

Mr. MORRISON. Yes, sir; because I was informed it was for that purpose.

Mr. DENT. Who audited your accounts at this time?

Mr. MORRISON. Who audits them?

Mr. DENT. At this time who audited your accounts?

Mr. MORRISON. The Auditor for the State and Other Departments; I have forgotten who he was at that time.

Mr. DENT. Do you know what auditor it was at that time?

Mr. MORRISON. I think it was Mr. Layton.

Mr. DENT. What auditor was he of the Treasury Department?

Mr. MORRISON. Well, he was the Auditor for the State, War, and Other Departments.

Mr. DENT. Well, were they not numbered at that time? I believe they have been changed?

Mr. MORRISON. Oh, yes; he was formerly known as the fifth auditor.

Mr. DENT. The Fifth Auditor of the Treasury, then, was the auditor who audited your accounts at the time of the payment for this Day portrait?

Mr. MORRISON. Yes.

Mr. DENT. Under the custom of the State Department at that time were you not required to have three vouchers—one for the auditor, one for you, as disbursing clerk, and one to be filed with some other official?

Mr. MORRISON. No; we were not required to take three vouchers.

Mr. DENT. Were you not required to take three vouchers?

Mr. MORRISON. We take the originals and they are always filed with the accounts in the Treasury.

Mr. DENT. You only took one voucher, and that was the one that was kept by you?

Mr. MORRISON. We make a book record of most all of the payments; yes.

Mr. DENT. The auditor who audited your accounts had no voucher whatever by which to audit them?

Mr. MORRISON. He had the usual certificates.

Mr. DENT. I am talking about the voucher; he had no voucher by which to audit your accounts?

Mr. MORRISON. No.

Mr. DENT. Is it now the custom in the State Department to take only one voucher and not three vouchers, as they do in some of the other departments?

Mr. MORRISON. No; we take one voucher.

Mr. DENT. You only take one voucher now?

Mr. MORRISON. Yes.

Mr. DENT. And the Auditor of the Treasury Department who now audits your accounts has no voucher?

Mr. MORRISON. He has the original in all cases.

Mr. DENT. The original? What is the original, if there is only one?

Mr. MORRISON. That is the original [referring to voucher on table].

Mr. DENT. I thought you kept that?

Mr. MORRISON. No; we keep a book record of all those payments.

Mr. DENT. But you had this voucher in your possession, as I understand it, for this Day portrait?

Mr. MORRISON. Yes.

Mr. DENT. That was the only voucher that was had in that transaction?

Mr. MORRISON. The only one; yes, sir.

Mr. DENT. The auditor, then, that audited your accounts at that time, had no voucher to file with his papers?

Mr. MORRISON. No.

Mr. DENT. But now, you say, he has?

Mr. MORRISON. We send over all the original vouchers to him.

Mr. DENT. Then you do not keep them?

Mr. MORRISON. No; they are filed in the Treasury.

Mr. DENT. They are filed in the Treasury Department?

Mr. MORRISON. Yes, sir.

Mr. DENT. Well, now, where was the voucher that the auditor had when he audited your accounts with reference to the payment for this portrait; where was that kept by the auditor?

Mr. MORRISON. That payment was made under a certificate signed by the Secretary of State.

Mr. DENT. Made under a certificate?

Mr. MORRISON. Yes.

Mr. DENT. And you never showed this voucher, then, to the auditor when he audited your accounts?

Mr. MORRISON. No.

Mr. DENT. This payment was made simply on a certificate by the Secretary of State?

Mr. MORRISON. Yes.

Mr. DENT. Without presenting him any voucher whatever?

Mr. MORRISON. Yes, sir.

Mr. DENT. It is the practice in most of the departments, as I understand it, to have three original vouchers, all of them signed by the payee, is it not?

Mr. MORRISON. I do not know what the custom is in other departments.

Mr. DENT. You do not know the custom in other departments?

Mr. MORRISON. No.

Mr. DENT. And it is still the custom in the State Department to have but one voucher?

Mr. MORRISON. Yes; that is all, and it goes to the Treasury; it goes on the files of the Treasury Department.

Mr. DENT. You do not now keep one?

Mr. MORRISON. No; we have a record.

Mr. DENT. Under your present system, then, if you made a payment of this kind the voucher would not remain in your custody, but would go to the Auditor of the Treasury Department, who audited your accounts?

Mr. MORRISON. Under the present system; yes.

Mr. DENT. But under the system then existing you simply filed the certificate of the Secretary of State and you kept the voucher?

Mr. MORRISON. Yes.

Mr. DENT. Do you remember the language of that certificate as made by the Secretary of State; that is, substantially?

Mr. MORRISON. No; I could not tell you. It is a printed form.

Mr. DENT. Do you know whether it stated it was for the payment of the portrait of ex-Secretary of State Day?

Mr. MORRISON. No; they do not carry that in them at all.

Mr. DENT. What do you say?

Mr. MORRISON. No; they do not say that.

Mr. DENT. Was it merely a general certificate to allow you to be credited with \$2,450?

Mr. MORRISON. Yes; to be credited with that amount.

Mr. DENT. Without stating for what purpose?

Mr. MORRISON. Yes.

Mr. DENT. Or to whom the payment was made?

Mr. MORRISON. Yes.

The CHAIRMAN. Who was present when you gave this money to William H. Michael?

Mr. MORRISON. I could not tell you, but I think his assistant was there, Mr. Buck.

The CHAIRMAN. Anybody else?

Mr. MORRISON. Yes; and possibly Miss Greer.

The CHAIRMAN. Were these employees in his office?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Anybody else there?

Mr. MORRISON. There may have been, Mr. Chairman, but I can not recall them.

The CHAIRMAN. Was Secretary Hay there?

Mr. MORRISON. No; I did not see Secretary Hay.

The CHAIRMAN. If he had been there you would have remembered it?

Mr. MORRISON. Yes.

The CHAIRMAN. And you are sure that Secretary Hay was not present when you paid this money to Michael?

Mr. MORRISON. I feel quite sure that he was not there.

The CHAIRMAN. How did you take the money to him—in what shape did you have it?

Mr. MORRISON. I think it was in an envelope.

The CHAIRMAN. You took it to him in an envelope?

Mr. MORRISON. Yes.

The CHAIRMAN. And handed it to him, delivered it to him?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And at that time you asked him what it was for?

Mr. MORRISON. I inquired what it was for, and was told for Judge Day's portrait; and I think it was there at the time.

The CHAIRMAN. Of whom did you make that inquiry?

Mr. MORRISON. I can not say, positively, but I may have made it of the chief clerk, Col. Michael, or one of his assistants.

The CHAIRMAN. Well, were they in the room at the time?

Mr. MORRISON. I just said Mr. Buck, I think, was there, and Miss Greer; I think they were in the office with him.

The CHAIRMAN. And you may have asked one of them instead of Michael?

Mr. MORRISON. Yes; I may have asked Michael; I do not know.

The CHAIRMAN. But the natural thing would have been to ask Michael, would it not?

Mr. MORRISON. Yes; certainly.

The CHAIRMAN. Is it your practice to pay a voucher that does not state upon its face what it is for?

Mr. MORRISON. Well, we pay vouchers out of the emergency fund without the object usually being stated; that is, payments under section 291 of the Revised Statutes; that is, a payment out of the emergency fund is covered by a certificate.

The CHAIRMAN. For matters paid out of that fund you do not state on the voucher what they are for?

Mr. MORRISON. No.

The CHAIRMAN. Do you require a voucher when you pay out of that fund?

Mr. MORRISON. Oh, yes; always require a voucher.

The CHAIRMAN. You take a voucher, do you?

Mr. MORRISON. Yes, sir; there is no payment ever made without a voucher.

The CHAIRMAN. Out of the secret fund?

Mr. MORRISON. Yes.

The CHAIRMAN. Was it done that way during Secretary Root's incumbency?

Mr. MORRISON. It has been done in that way under all Secretaries.

The CHAIRMAN. Never to pay any money out of the secret fund without a voucher?

Mr. MORRISON. Oh, there are vouchers filed for all payments. I did not say that.

The CHAIRMAN. How is that?

Mr. MORRISON. There is a voucher filed for all payments.

The CHAIRMAN. That is what I am asking you. You never pay out any money without taking a voucher for it?

Mr. MORRISON. No. I did not understand you.

The CHAIRMAN. Under Secretary Root or anybody else?

Mr. MORRISON. That has been the practice in the Department of State ever since—well, for the last 40 or 50 years.

The CHAIRMAN. You say you are sure these words, "For the portrait of Judge Day, late Secretary of State," were put in shortly after you paid this voucher?

Mr. MORRISON. Shortly after I made the payment.

The CHAIRMAN. Either the same day or the next?

Mr. MORRISON. I think very soon after the payment was made.

Mr. DAVIS. He thinks about a half hour afterwards.

The CHAIRMAN. On the same day?

Mr. MORRISON. Well, about a half hour afterwards.

The CHAIRMAN. As soon as you went back to your office?

Mr. MORRISON. Yes.

The CHAIRMAN. Your recollection is pretty clear on that, is it not, that it was put in shortly after you made the payment, within a half hour, or such a matter?

Mr. MORRISON. Yes; I think so.

The CHAIRMAN. I show you a letter and will ask you if that is your signature to it?

Mr. MORRISON. Yes, sir. Of course, as this transaction was some time ago I can not recall, but that is my signature. However, it was a half or three-quarters of an hour, I think.

The CHAIRMAN. What is the date of this letter which you have identified? Give the stenographer the date.

Mr. MORRISON. That is June 9.

The CHAIRMAN. When?

Mr. MORRISON. 1906.

The CHAIRMAN. June 9, 1906?

Mr. MORRISON. Yes.

The CHAIRMAN. Did you dictate that letter?

Mr. MORRISON. I must have dictated it, for there is my signature. I think that is about the time Mr. Root made the investigation.

The CHAIRMAN. I will ask you if, in writing under date of June 9, 1906, in regard to this notation made on the voucher, "For the portrait of Judge Day, late Secretary of State," you made this statement?—

Some time ago, in compiling a statement showing the cost of portraits purchased by the department, payment of each was traced except the portrait of Judge Day. I was informed indirectly that Rosenthal was the artist who executed the portrait, and the voucher being signed by him, I naturally connected the payment with the portrait and assumed that in the absence of further information that the total amount of the voucher was in payment of the portrait, and I instructed Mr. Aten, one of the clerks of the bureau, to insert in the voucher "For portrait of Judge Day, former Secretary of State," and to inclose the same in brackets.

Mr. MORRISON. I made that statement.

The CHAIRMAN. If you caused the statement to be put on the voucher within 30 minutes after you paid it on January 18, 1904, how did you happen to say June 9, 1906, more that two years afterwards, that some time ago you discovered—

Mr. MORRISON (interposing). That was the time Mr. Root made the investigation.

The CHAIRMAN. Yes. But how did you happen to state in this letter—

Mr. MORRISON (interposing). He wanted an explanation, and that was my explanation made at that time.

The CHAIRMAN. Why did you not tell Mr. Root, when he made the investigation, that you asked, when you paid the money over in Mr. Michael's office, what this was for and they told you it was for the portrait of Judge Day, and that you put that notation on the voucher immediately afterwards?

Mr. MORRISON. I was asked for that statement; I was requested to make it.

The CHAIRMAN. You were asked to make it?

Mr. MORRISON. Yes.

The CHAIRMAN. They prepared that statement and brought it to you and you were asked to sign it—is that what you mean?

Mr. MORRISON. I prepared that for Mr. Denby's information in connection with the investigation.

The CHAIRMAN. Well, then, in making your explanation, why did you not make it conform to your testimony awhile ago—that this notation was put on within 30 minutes after you made the payment and that you got this information from somebody in Mr. Michael's office? Why did you not put that in that letter?

Mr. MORRISON. I had forgotten all about that indorsement; I had forgotten all about it; it was only the other day when I saw the

voucher and I saw it there that I recalled I directed it put there. I made that statement at Mr. Denby's request.

The CHAIRMAN. How do you now happen to remember that this was put on within 30 minutes after you had made the payment if you had forgotten it in 1906?

Mr. MORRISON. That was put on, as I told you, within a half hour or three-quarters of an hour.

The CHAIRMAN. If that is true, why did you not make that statement in your letter of June 9, 1906, when you were asked?

Mr. MORRISON. It is possible I did not recall.

The CHAIRMAN. Why did you make the statement that you discovered it when you came to compile a statement of money paid for portraits? Did you ever do such a thing as that?

Mr. MORRISON. As what? I did not hear you.

The CHAIRMAN. Did you ever compile a statement showing the cost of portraits purchased by the department?

Mr. MORRISON. Oh, yes; we have such a statement.

The CHAIRMAN. Do you know when you made that?

Mr. MORRISON. No; I could not tell you.

The CHAIRMAN. Is it not a fact that your attention was called to the fact that there was no notation on this voucher showing what it was for and you discovered that fact when you compiled this statement of the cost of portraits—is not that true?

Mr. MORRISON. No; I told you——

The CHAIRMAN. Why did you make that statement in this letter?

Mr. MORRISON. Well, it is so long ago I can not now explain; but anyhow that statement is absolutely correct, that I put that on there when that was paid, or soon after; that is all I can say.

Mr. DENT. Which statement is correct?

Mr. MORRISON. The one on the voucher, that statement on the voucher.

The CHAIRMAN. Now, what are the real facts about it? When was the statement "For the portrait of Judge Day" put on this voucher?

Mr. MORRISON. Put on the voucher within a half hour or three-quarters of an hour after the payment was made.

The CHAIRMAN. On the 18th of January, 1904?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. That is when it was put on there?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And the statement in this letter, then, is not true?

Mr. MORRISON. That was two years or more afterwards.

The CHAIRMAN. Yes; but that would not change the facts, would it?

Mr. DENT. It has been six years now.

The CHAIRMAN. If you could not remember it after two years, how can you remember it after six years?

Mr. MORRISON. Remember what, Mr. Chairman?

The CHAIRMAN. When these words were put in that we are talking about?

Mr. MORRISON. Well, I can not explain that. Anyhow, that statement I made is true.

The CHAIRMAN. Is it not true that somebody sent you this letter and told you they wanted you to sign it?

Mr. MORRISON. No.

The CHAIRMAN. Do you remember the circumstances of the preparation of this letter?

Mr. MORRISON. It came up when Mr. Root made this investigation.

The CHAIRMAN. Do you remember the circumstances of the preparation of this letter?

Mr. MORRISON. I can not recall it now.

The CHAIRMAN. Do you know whether they kept an office copy of it or not?

Mr. MORRISON. I think so; I am not sure.

The CHAIRMAN. You are not certain about it?

Mr. MORRISON. It would not be necessary to keep a copy of that.

The CHAIRMAN. Why?

Mr. MORRISON. Because that was in the files of the department.

The CHAIRMAN. How many stenographers did you have in the office at that time?

Mr. MORRISON. I did not have any.

The CHAIRMAN. Who did your typewriting for you?

Mr. MORRISON. One of the clerks who was a typewriter.

The CHAIRMAN. In your office?

Mr. MORRISON. Yes.

The CHAIRMAN. I thought you said you did not have any in your office?

Mr. MORRISON. I had typewriters, but I had no stenographer at that time.

The CHAIRMAN. You just had a typewriter?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Who did this typewriting for you?

Mr. MORRISON. I think Mr. Aten did it; I am not sure, but I think he did it.

The CHAIRMAN. Mr. Aten is now in town?

Mr. MORRISON. He is in the Geological Survey.

The CHAIRMAN. Who asked you to make that statement as to when these words "For the portrait of Judge Day, late Secretary of State," were put on this voucher?

Mr. MORRISON. Mr. Denby.

The CHAIRMAN. Why did he ask you to make that?

Mr. MORRISON. It came up in connection with the investigation that Mr. Root was making.

The CHAIRMAN. What reason did he assign to you for wanting that statement made?

Mr. MORRISON. I do not know.

The CHAIRMAN. Who raised the question that these words were not on the voucher when you paid it?

Mr. MORRISON. I naturally inquired what that was for.

The CHAIRMAN. No, no; but when Mr. Denby asked you, two years afterwards, to make this statement as to the person who put these words in here which I have quoted?

Mr. MORRISON. I told him I did.

The CHAIRMAN. And when they were put in?

Mr. MORRISON. I told him I put them in.

The CHAIRMAN. How did you happen to tell him that?

Mr. MORRISON. Why, he inquired about it.

The CHAIRMAN. What raised the suggestion in his mind that these words were not originally on the voucher when you paid it?

Mr. MORRISON. Well, I can not tell you that; he did not explain that to me.

The CHAIRMAN. He did not explain that to you?

Mr. MORRISON. No.

The CHAIRMAN. You told him that you put them in?

Mr. MORRISON. Yes.

The CHAIRMAN. When did you tell him you put them in?

Mr. MORRISON. At the time Mr. Root made the investigation.

The CHAIRMAN. No, no. What did you tell Denby in answer to his question regarding those words?

Mr. MORRISON. I do not remember what I said, but that statement was on the voucher when he came to me and inquired about it.

The CHAIRMAN. And did you then tell him when you put these words on this voucher, or caused these words just quoted a moment ago to be put on this voucher?

Mr. MORRISON. I told him I put them on.

The CHAIRMAN. When did you, I mean.

Mr. MORRISON. You refer to the date the payment was made?

The CHAIRMAN. I refer to the date you told him you had put them in there.

Mr. MORRISON. I can not recall that he ever made that inquiry.

The CHAIRMAN. Did you tell him, in your verbal statement to him, the same story that you wrote in this letter?

Mr. MORRISON. He simply asked me to make a statement, which I did; there was nothing more to it than that.

The CHAIRMAN. Did you see any other papers fixed up there when this investigation was going on in 1906?

Mr. MORRISON. No. When Mr. Root was making the investigation?

The CHAIRMAN. Yes.

Mr. MORRISON. No.

The CHAIRMAN. You never saw any other papers fixed up at all?

Mr. MORRISON. No, sir; I never saw anything until the receipt of Mr. Michael's statement, which I believe you have seen.

Mr. DENT. Did anybody request you to compile a statement showing the cost of the different portraits purchased by the department?

Mr. MORRISON. Yes; such a statement was made by the direction of the chief clerk; I do not know which one.

The CHAIRMAN. Do you remember when?

Mr. MORRISON. Oh, some years ago.

Mr. DENT. Do you remember how long after the payment for the Day portrait was made you were requested to make that compilation?

Mr. MORRISON. That compilation was made before this.

Mr. DENT. You made the compilation before you paid for the Day portrait?

Mr. MORRISON. Yes.

Mr. DENT. Before the Day portrait was paid for?

Mr. MORRISON. Yes; we had it there for some time, as a matter of information.

Mr. DENT. Then the compilation was in your office at the time you paid Mr. Michael the \$2,450 for the Day portrait?

Mr. MORRISON. Yes, sir.

Mr. DENT. Then how do you account for this language in your letter?—

Some time ago in compiling a statement showing the cost of portraits purchased by the department, payment of each was traced except the portrait of Judge Day.

Mr. MORRISON. The payment of what, did you say?

Mr. DENT (reading):

Some time ago in compiling a statement showing the cost of portraits purchased by the department, payment of each was traced except the portrait of Judge Day.

There is your letter; I have just quoted from the letter.

Mr. MORRISON. Well, whatever I have said in this statement was absolutely true at the time. Now, what can I say in regard to that?

Mr. DENT. I do not know. You just said the compilation was made before you made the payment for the Day portrait.

Mr. MORRISON. And that compilation was made and that is now held in the bureau for information.

Mr. DENT. But, Mr. Morrison, you testified a little while ago, as I understood you, that this compilation was made before you paid for the Day portrait, and in your letter you say that in making your compilation you traced every one except the portrait of Judge Day.

Mr. MORRISON. Perhaps that entry had not been made at that time.

Mr. DENT. Do you mean the compilation had not been made?

Mr. MORRISON. No; the entry of the payment for the Judge Day portrait.

Mr. DENT. Had you not made this notation on the voucher 30 minutes after you made the payment?

Mr. MORRISON. Yes; the compilation was made prior to that, and Judge Day's portrait came in after that; it had not been added to it when that was made; that is the only explanation I can make in regard to your inquiry.

Mr. DENT. Then you did make another compilation after the payment for the Day portrait?

Mr. MORRISON. My recollection is that the Day portrait was added to it.

Mr. DENT. Let me ask you if it is not a fact that when Secretary Root came to purchase another portrait and discovered that \$2,450 had been paid for the Day portrait he immediately inquired about it and that these memorandums were entered during the investigation made by Secretary Root two years afterwards?

Mr. MORRISON. Mr. Root made that inquiry.

Mr. DENT. And were not these entries made upon an inquiry by Mr. Root as to why \$2,450 had been paid for the Day portrait?

Mr. MORRISON. After he made the inquiry, yes, sir.

Mr. DENT. These entries were made. These entries had not been made up to that time, had they?

Mr. MORRISON. Do you refer to any particular entry?

Mr. DENT. The entry as to this \$2,450 for the payment of the Day portrait?

Mr. MORRISON. Except as I stated about the indorsement there that I instructed Mr. Aten to put in there; do you refer to that?

Mr. DENT. That had been made on the voucher, but had not been entered anywhere else on your books?

Mr. MORRISON. No, sir.

Mr. DENT. Made on the voucher but not entered anywhere else?

Mr. MORRISON. Not at that time.

Mr. DAVIS. And two years had elapsed.

The CHAIRMAN. Did I understand you to say awhile ago that it was customary on vouchers paid out of this fund, under section 291 of the Statutes, not to put in the object for which the money was paid?

Mr. MORRISON. The vouchers do not always state the object of it.

The CHAIRMAN. Do they ever state?

Mr. MORRISON. Sometimes.

The CHAIRMAN. What is the custom?

Mr. MORRISON. The custom has been to just put them in under section 291 without stating the object.

The CHAIRMAN. Without stating the object?

Mr. MORRISON. Yes.

The CHAIRMAN. And you have paid them in that way?

Mr. MORRISON. Yes.

The CHAIRMAN. What made you inquire why this particular payment was made if the object of the payment is not necessary on the face of the voucher?

Mr. MORRISON. Well, as I stated before, I was curious to find out just what it was for, and I inquired, and they said it was in payment of Judge Day's portrait.

Mr. DAVIS. And you stated you did it for your protection?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Now, Mr. Morrison, you knew when they told you that it was for the Day portrait that that ought not to have been paid out of this fund, under section 291, did you not?

Mr. MORRISON. No; I do not control anything like that.

The CHAIRMAN. You do not control it?

Mr. MORRISON. I have no control over matters of that kind.

The CHAIRMAN. As disbursing officer are you not responsible for the diversion of any funds? If you pay money out of the wrong fund are you not responsible?

Mr. MORRISON. I am under the control and direction of the Secretary of State in such matters; he directs these payments to be made; I make them upon his direction.

The CHAIRMAN. Regardless of whether or not the payment is properly drawn on the proper fund? If it bears the Secretary's indorsement you pay it, is that the idea?

Mr. MORRISON. Well, I am certainly under his direction; I have to comply with or obey his instructions in matters of this kind.

The CHAIRMAN. In other words, you do obey his directions regardless of whether it is legal or illegal, is that the idea?

Mr. MORRISON. Well, I would not say that.

The CHAIRMAN. Do you exercise any discretion at all as a disbursing officer?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. Well, how did it happen that you paid for a portrait out of the emergency fund?

Mr. MORRISON. Well, it was by his direction.

The CHAIRMAN. It was purely and simply by the direction of the Secretary?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Otherwise you would not have done it, would you?

Mr. MORRISON. Well, I make no payments unless I am directed to do so by the Secretary of State.

The CHAIRMAN. Have you ever paid for any other portraits?

Mr. MORRISON. I think I have.

The CHAIRMAN. Whose?

Mr. MORRISON. I could not tell you now just who they were; we have a number of them there, and my recollection is I have paid for one or two, but I am not sure; my records will show.

The CHAIRMAN. Do you know whether the vouchers which you paid for these other portraits had on them the purpose for which the payment was being made?

Mr. MORRISON. No; I can not say that in the absence of the voucher.

The CHAIRMAN. You have those vouchers and you could find them?

Mr. MORRISON. Yes.

The CHAIRMAN. Take the men who are serving on these different commissions, specially appointed, do you pay their salaries and expenses? Do those things come through your office?

Mr. MORRISON. Any particular commission? Most of them have disbursing clerks.

Mr. DAVIS. Are you a pretty good judge of writing, Mr. Morrison?

Mr. MORRISON. Well, I do not profess to be. Is there anything you want me to see?

Mr. DAVIS. You must have had considerable experience with signatures and handwriting in the last 25 years?

Mr. MORRISON. I have handled a great many; yes, sir.

Mr. DAVIS. Do you know in whose handwriting the word "Washington" and the figures "3/23/06" are?

Mr. MORRISON. I do not recognize that.

Mr. DAVIS. Do you know in whose handwriting the balance of this document is?

Mr. MORRISON. No; I do not know.

Mr. DAVIS. They look somewhat alike, do they not?

Mr. MORRISON. This and that [indicating]?

Mr. DAVIS. Yes.

Mr. MORRISON. Oh, yes.

Mr. DAVIS. You would think they were the same, or would you not?

Mr. MORRISON. I would say so.

Mr. DAVIS. Do the figures "3/23/06" look like this or not? Examine those figures up there and see?

Mr. MORRISON. I think it is the same writing; I am not sure.

Mr. DAVIS. You think they are the same writing?

Mr. MORRISON. I think so.

Mr. DAVIS. Is your eyesight very good? Does it look like the same ink? One looks darker than the other, does it not?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. They look as though they may have been made at different times—that is, the word “Washington” and the figures “3/23/06”? Does that look like different writing to you? Would you not say that was written with a bolder hand and different penmanship than this [indicating]?

Mr. MORRISON. Now, as I see it, it is shaded a little bit.

Mr. DAVIS. Can you not tell, as a matter of fact?

Mr. MORRISON. I would say, Mr. Davis, that that was written by some different person.

Mr. DAVIS. That the figures I have indicated were written by a different person and apparently with a different pen?

Mr. MORRISON. That was done with a blunt pen and this with a fine pen.

Mr. DAVIS. The color of the ink looks different?

Mr. MORRISON. Well, to me it does.

Mr. DAVIS. It does to me, too.

The CHAIRMAN. Do you pay the members of the North Atlantic Coast Fisheries Arbitration, The Hague?

Mr. MORRISON. No; they had a special disbursing officer.

The CHAIRMAN. Do you know who he is?

Mr. MORRISON. Mr. Cartwright.

The CHAIRMAN. Where does he stay?

Mr. MORRISON. He is in the Department of State.

The CHAIRMAN. Otis D. Cartwright?

Mr. MORRISON. Yes; that is the man.

The CHAIRMAN. The United States and Venezuelan arbitration, The Hague; have they a special disbursing officer also?

Mr. MORRISON. Yes; they have one, I believe.

The CHAIRMAN. Do you know who he is?

Mr. MORRISON. His name is Carpenter, I think.

The CHAIRMAN. W. Clayton Carpenter?

Mr. MORRISON. Yes; I think that is the man.

The CHAIRMAN. None of these accounts, then, or the expenses of these commissions pass through your office?

Mr. MORRISON. All of those accounts pass through the State Department.

The CHAIRMAN. But not through your office or through your bureau?

Mr. MORRISON. Yes.

The CHAIRMAN. Do they?

Mr. MORRISON. Yes.

The CHAIRMAN. Do you have anything to do with them?

Mr. MORRISON. Well, no; they are approved and are paid by the disbursing clerk, Mr. Cartwright, and approved by—I do not know whether by Mr. Root or one of the officers who was authorized to pass on them.

The CHAIRMAN. Well, then, why do they come to your office?

Mr. MORRISON. Well, they are generally filed there.

The CHAIRMAN. Brought there for filing?

Mr. MORRISON. Yes.

The CHAIRMAN. Do you go over them when they are brought there?

Mr. MORRISON. They are usually examined; yes, sir.

The CHAIRMAN. Are all the men mentioned on this commission drawing salaries?

Mr. MORRISON. Are they drawing salaries?

The CHAIRMAN. Yes.

Mr. MORRISON. Oh, no; that is over. There is no salary being paid at all.

The CHAIRMAN. No salary being paid at all now?

Mr. MORRISON. No.

The CHAIRMAN. When did they cease paying salaries to the members of the North Atlantic Coast Fisheries, The Hague?

Mr. MORRISON. It was after the arbitration was over, I think some time last summer.

The CHAIRMAN. How about this United States and Venezuelan Arbitration, The Hague? Is that over, too, and have they quit paying salaries on that?

Mr. MORRISON. Yes; there are no salaries being paid on that.

The CHAIRMAN. Well, how about the Chamizal Arbitration Commission? That is still in session, I see.

Mr. MORRISON. Yes; still in session.

The CHAIRMAN. Are these men drawing salaries that are serving on that commission?

Mr. MORRISON. Yes; they have a disbursing clerk also.

The CHAIRMAN. I see that Mr. William C. Dennis, of Indiana, is the agent of the United States. Do you know what salary he is drawing on this commission?

Mr. MORRISON. No; I do not.

The CHAIRMAN. But you know he is drawing a salary?

Mr. MORRISON. Yes; he is the agent of the United States.

The CHAIRMAN. And you do not know what salary he is drawing?

Mr. MORRISON. No; I do not know what salary he is drawing; that would not come to me.

Mr. DENT. Mr. Morrison, who is the Auditor of the Treasury Department who now has to do with your accounts?

Mr. MORRISON. Davis.

Mr. DENT. What are his initials?

Mr. MORRISON. I do not know.

Mr. DENT. What is his official position?

Mr. MORRISON. He is known as the Auditor for the State and Other Departments.

Mr. DENT. What other departments?

Mr. MORRISON. His title is Auditor for the State and Other Departments.

Mr. DENT. That is the title he goes by?

Mr. MORRISON. Yes, sir; I think he has the Department of Agriculture and one or two others.

The CHAIRMAN. Have you made any further inquiry, since you were here before, as to how that voucher got on the floor in your office?

Mr. MORRISON. No; no further inquiries have been made.

The CHAIRMAN. You have not tried to find out since you were here?

Mr. MORRISON. All I could do was to make an inquiry through the messenger, Howard Sangston, who was here the other day, I believe.

The CHAIRMAN. You asked him that evening, when he found the voucher, did you not?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. Have you tried since to press that inquiry any further?

Mr. MORRISON. No more than to call attention to the fact that it was found, and found in the room.

The CHAIRMAN. Did you ask any of the other members of your office force?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You have asked all of them about it?

Mr. MORRISON. Two or three I did.

The CHAIRMAN. Why did you not ask all of them?

Mr. MORRISON. Well, I was told not to say much about it.

The CHAIRMAN. Who instructed you?

Mr. MORRISON. The department.

The CHAIRMAN. Who in the department?

Mr. MORRISON. I do not know who it was, and I was told when the voucher was found not to say anything about it.

The CHAIRMAN. Who told you not to say anything about it?

Mr. MORRISON. I think it was Mr. Carr; I am not sure.

The CHAIRMAN. When did he tell you not to say much about it?

Mr. MORRISON. After it was found.

The CHAIRMAN. You took it to Mr. Carr, did you not?

Mr. MORRISON. I took it to the chief clerk.

The CHAIRMAN. When was it Mr. Carr told you not to say much about it, not to talk about it?

Mr. MORRISON. He thought it would be advisable not to discuss the matter.

The CHAIRMAN. Did he give you any reason why you should not discuss the matter?

Mr. MORRISON. No.

The CHAIRMAN. Did you ask him why?

Mr. MORRISON. No.

The CHAIRMAN. Well, now, just what did Carr say to you when you told him you had found the voucher?

Mr. MORRISON. He said he thought it would be advisable not to say anything at all about it, because the matter would be investigated.

The CHAIRMAN. Better keep it quiet, was that what he said?

Mr. MORRISON. Yes.

The CHAIRMAN. Better keep it quiet?

Mr. DENT. In what form was that voucher handed to you by Mr. Sangston? Was it loose, wrapped up, or how?

Mr. MORRISON. Wrapped up.

Mr. DENT. How wrapped up?

Mr. MORRISON. It was folded.

Mr. DENT. Just folded together?

Mr. MORRISON. Yes, sir.

Mr. DENT. Did it have anything around it?

Mr. MORRISON. Nothing at all; like this [indicating].

Mr. DENT. Just like a paper, and did not have anything around it. Was it in an envelope?

Mr. MORRISON. I can not recall.

Mr. DENT. It did not have a rubber band around it, did it?

Mr. MORRISON. I can not recall what was around it.

Mr. DENT. It did not have a rubber band around it, and it was not in an envelope?

Mr. MORRISON. I do not recall.

Mr. DENT. Do you not remember?

Mr. MORRISON. No.

Mr. DENT. It has just been a week or ten days ago?

Mr. MORRISON. It was handed to me—I will show you—something like this [indicating].

Mr. DENT. Just like that? Then it did not have an envelope around it?

Mr. MORRISON. I can not recall.

Mr. DENT. If it was handed to you in the way you have indicated, Mr. Morrison, it could not have been in an envelope or had a rubber band around it, could it?

Mr. MORRISON. It may have had; there may have been something wrapped around it; I can not recall whether it was in an envelope or not.

Mr. DENT. Was it in a long envelope?

Mr. MORRISON. I can not recall.

Mr. DENT. Did you not say it was just as you have demonstrated to us, that it was just like those papers that you have in your hand?

Mr. MORRISON. Yes; but I do not recall whether there was a rubber band around it or not.

Mr. DENT. Was it in a long envelope?

Mr. MORRISON. I can not recall that, Mr. Dent.

Mr. DENT. Do you not know whether it was or not?

Mr. MORRISON. I do not; it may have been, but to my knowledge I can not tell you.

The CHAIRMAN. What did you say to Howard Sangston when he handed you the voucher?

Mr. MORRISON. I told him this was rather extraordinary, that I had been making a search for this voucher and it was rather extraordinary that it should be found on the floor.

The CHAIRMAN. Did you say "This is the voucher that has been giving us all this trouble"?

Mr. MORRISON. I believe I did say something to that effect.

The CHAIRMAN. Did you give any name?

Mr. MORRISON. No; I did not, not to my knowledge; I did not tell him.

The CHAIRMAN. Did you not tell him "This is the Rosenthal voucher"?

Mr. MORRISON. I do not recall that I did; I do not think I did.

The CHAIRMAN. Would you not recall that if you did say it? It is only a few days ago, you know, that you found it.

Mr. MORRISON. I recall that I did say to him, "I have been looking for this voucher," but I can not recall that I said to him, "This is the Rosenthal voucher."

The CHAIRMAN. As you remember it now, you did not tell him, "This is the Rosenthal voucher which I have been looking for"?

Mr. MORRISON. I can not recall that I did mention the name of Rosenthal; I do not think I did.

The CHAIRMAN. You do not think you did?

Mr. MORRISON. I do not think I did.

The CHAIRMAN. Let the record show that the chairman of the committee returned to Mr. Morrison the Rosenthal voucher.

Mr. DAVIS. What kind of a receipt does your messenger give to the Treasury Department when he goes there and gets money on your order?

Mr. MORRISON. He does not give them a receipt at all, the check is all the receipt they require.

Mr. DAVIS. He does not have to indorse the check or give any receipt at all?

Mr. MORRISON. No.

Mr. DAVIS. He simply takes your check, payable to yourself, and he hands it to the Treasurer or the proper custodian of the money and gets the money?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. And leaves nothing to identify himself at all?

Mr. MORRISON. Nothing at all. He is well known there.

Mr. DAVIS. In your stub book of checks, No. 16334, being the one pertaining to this \$2,450, about which we are talking, is in your handwriting, is it not?

Mr. MORRISON. No, sir. Let me see it again, please. No; that is in Mr. Aten's writing.

Mr. DAVIS (reading): "January 16, 1904, Thomas Morrison, \$2,450, check for cash, Col. Michael," was written by Mr. Aten?

Mr. MORRISON. Yes.

Mr. DAVIS. When was that "Col. Michael" put there?

Mr. MORRISON. The day the check was made, no doubt.

The CHAIRMAN. Mr. Morrison, you stated awhile ago that at the time you drew this check you did not have the voucher, and that you did not know anything about what it was for?

Mr. MORRISON. No; I did not.

The CHAIRMAN. Suppose that no voucher had been presented to you for this money, what would you have done with that money after you had drawn it out of the Treasury?

Mr. MORRISON. I certainly would have kept it.

The CHAIRMAN. You do not mean you would have kept it personally?

Mr. MORRISON. Why, certainly not.

The CHAIRMAN. Could you have covered it back into the Treasury?

Mr. MORRISON. Yes; I could have covered it back into the Treasury?

Mr. DENT. How could you have made your accounts when you had covered that back?

Mr. MORRISON. We very often cover money back into the Treasury.

Mr. DENT. I mean, how could you have made your accounts show it was covered back? How would your accounts read in showing it was covered back?

Mr. MORRISON. By amount drawn, and then covered back.

Mr. DENT. That this amount was returned?

Mr. MORRISON. Yes.

Mr. DENT. Without any authority for the return or showing for what purpose it was retained?

Mr. MORRISON. Well, that is not necessary; all that you show is that it goes back in the Treasury.

Mr. DENT. I am talking about your records; your records would not show anything more than that you had drawn out \$2,450 from the Treasury and that you had returned \$2,450 to the Treasury.

Mr. MORRISON. Yes; but my records would show from what account it was and they would show that the amount would go back to the appropriation from which it was drawn.

Mr. DENT. It would go back to the credit of the appropriation from which it was drawn?

Mr. MORRISON. Yes, sir.

Mr. DENT. It would not show any authority for its return or why it was returned?

Mr. MORRISON. Well, we generally cover back all money we do not use, or for which we do not have use. That could have gone back if we had not used it.

Mr. DAVIS. I have looked over two or three pages of these stubs and I do not discover that any of them indicate the name of the man for whom the money was drawn, unless the check was drawn to his order, except in the case of Col. Michael.

Mr. MORRISON. The checks are always drawn to the order of the party that receives the money.

Mr. DAVIS. I find No. 16335, "January 15, 1904, the Tribune Association, Miss., 1904, subscription," without giving any man's name, but on the one about which we are talking Col. Michael's name is written.

Mr. MORRISON. Yes.

Mr. DAVIS. I have examined perhaps 15 or 20, and I do not find the name of anybody to whom you apparently gave the money, except the name of Col. Michael.

Mr. MORRISON. That gives the name right here [indicating].

Mr. DAVIS. That is where the check is drawn to the payee?

Mr. MORRISON. Yes; drawn to the Tribune Association and R. P. Nelson.

Mr. DAVIS. That is where the checks are drawn to them as payees; but this one has a note at the bottom, "Col. Michael."

Mr. MORRISON. Yes, sir; that was a cash payment to me; I drew the cash; my name was there.

Mr. DAVIS. I understand your name was there. That indicates the man to whom you gave the money?

Mr. MORRISON. Yes.

Mr. DAVIS. Have you any other checks of a similar nature——

Mr. MORRISON. No, sir.

Mr. DAVIS (continuing). That indicate the man to whom you are to give the money?

Mr. MORRISON. No, sir.

Mr. DAVIS. That is the only one?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. You usually, in drawing these checks and making the stub entry of them, indicate on the stub the purpose for which the money is to be paid?

Mr. MORRISON. Yes.

Mr. DAVIS. But in this case the only indication is "Col. Michael?"

Mr. MORRISON. Yes.

Mr. DAVIS. I have heretofore asked you a few questions concerning a certain written paper that I showed you. I asked you if the word "Washington" and the figures "3/23/06" were apparently written by the same person and with the same ink and the same pen as the balance of the letter, and you have stated that you did not think the figures that I asked you about were written by the same person and with the same pen or same ink as the balance of the letter. I wish to identify the letter in some way, and it is a letter written by Mr. Albert Rosenthal, purporting to bear the date of "3/23/06."

The CHAIRMAN. But not addressed to anyone.

Mr. DAVIS. Addressed to no one except "My dear sir," and there is no other date or mark on it.

The CHAIRMAN. The same being a paper delivered to the committee by Secretary Knox as a part of the papers connected with the Rosenthal voucher of \$2,450.

Mr. DAVIS. And concerning which Secretary Knox also testified, and gave his opinion as to whether the letters and figures were in the same handwriting as the balance of the letter.

TESTIMONY OF MR. HENRY W. ELLIOTT.

The witness was duly sworn by the chairman.

Mr. DENT. Will you give the committee your name?

Mr. ELLIOTT. Henry W. Elliott.

Mr. DENT. What is your business?

Mr. ELLIOTT. Artist, naturalist, and real estate.

Mr. DENT. What experience have you had in handwriting, observing handwriting?

Mr. ELLIOTT. Well, I have paid a great many checks, I have drawn a great many papers, and I have written a good deal in the last 40 years; I do not use a typewriter yet.

Mr. DENT. You still use longhand?

Mr. ELLIOTT. Yes, sir.

Mr. DENT. Have you had occasion to examine other people's handwriting on various occasions?

Mr. ELLIOTT. A great many times.

Mr. DENT. And had to pass on them in various transactions—that is, to pass on the handwriting of other people?

Mr. ELLIOTT. Yes, sir.

Mr. DENT. And that experience has extended over what period?

Mr. ELLIOTT. Oh, the last 40 years.

Mr. DENT. I will ask you to examine this letter, purporting to be dated Washington, 3/23/06, and signed Albert Rosenthal, addressed, "My dear sir," which letter is now marked Exhibit 1. Please examine that and tell the committee whether or not, in your opinion, the handwriting "Washington, 3/23/06," is the same as the handwriting contained in the body of the letter?

Mr. ELLIOTT. Well, I should say the same man wrote it, but written at different times, with two different inks.

Mr. DENT. The same man wrote it, but at two different times?

Mr. ELLIOTT. Yes.

Mr. DENT. And with different inks?

Mr. ELLIOTT. Yes.

Mr. DAVIS. And a different pen also?

Mr. ELLIOTT. Yes; I should say it was a different pen. Yes; a different pen, but the same man wrote it; there is no doubt about that.

Mr. DENT. And it is your opinion that it was written at a different time?

Mr. ELLIOTT. There are two different inks, and you would naturally assume that——

Mr. DENT (interposing). I am asking you for your opinion.

Mr. ELLIOTT. That is my opinion.

TESTIMONY OF THOMAS MORRISON—Continued.

The CHAIRMAN. I believe you stated awhile ago that the following words in this voucher, "Two thousand four hundred and 50/100," were written in by Mr. Aten before you made the payment of the money on the voucher?

Mr. MORRISON. That is my recollection; yes.

The CHAIRMAN. Would you have paid the voucher without the amount being in there?

Mr. MORRISON. No; not usually, I would not do it.

The CHAIRMAN. Have you a clear recollection of the fact that that was written in there before you paid the voucher?

Mr. MORRISON. That is my belief now—to the best of my knowledge and belief.

The CHAIRMAN. I will ask you if you were asked, during the Root investigation in 1906——

Mr. MORRISON (interposing). As to what?

The CHAIRMAN. As to when these words "Two thousand four hundred and 50/100" were written in there?

Mr. MORRISON. No; that did not come up.

The CHAIRMAN. I call your attention to a statement in Mr. Denby's letter, the letter of Charles Denby, consul general, Vienna, Austria, dated May 30, 1911, in which he says, among other things:

Mr. Rosenthal stated that he had not received the sum mentioned in the voucher, but a considerably less sum, and he had no idea of the amount there stated; that he, in fact, signed a voucher in blank.

This is the part I want to direct your attention to:

Efforts were then made in vain to find out in whose handwriting the amount in the voucher had been filled in. Mr. Morrison and Mr. Fitzsimmons, of the Bureau of Accounts, will remember my repeated interviews with them in this regard.

Is that true?

Mr. MORRISON. I do not recall anything of that kind.

The CHAIRMAN. Did he repeatedly call on you and inquire as to the person putting those words into that voucher?

Mr. MORRISON. You mean the date of the payment?

The CHAIRMAN. No, sir; the amount of the payment, \$2,450.

Mr. MORRISON. That was written in there by Mr. Aten.

The CHAIRMAN. It was written in by Mr. Aten?

Mr. MORRISON. Yes; the voucher was never complete unless that was in.

The CHAIRMAN. Did Mr. Denby call on you repeatedly to know who had written those words on this voucher?

Mr. MORRISON. No; not to my knowledge; to my knowledge he did not; I do not know why he would have occasion to do so.

The CHAIRMAN. Who is Mr. Fitzsimmons?

Mr. MORRISON. He is a clerk in the bureau.

The CHAIRMAN. He was there?

Mr. MORRISON. Yes.

The CHAIRMAN. Is he there now?

Mr. MORRISON. Yes.

The CHAIRMAN. Did he have anything to do with this voucher?

Mr. MORRISON. No; Mr. Aten filled it in.

The CHAIRMAN. Did Mr. Fitzsimmons have anything to do with it?

Mr. MORRISON. He saw it; Mr. Aten filled it up, and Mr. Aten drew the check.

The CHAIRMAN. You deny that Mr. Denby ever called on you to inquire as to the man who put those words in, the words "two thousand four hundred and 50/100"?

Mr. MORRISON. I can not recall that he ever did; there would be no occasion for him to do so; the voucher was complete at that time.

Mr. DAVIS. If he had called on you, you certainly would have told him it was Mr. Aten?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Evidently you did not tell him, because he says he could not find out by an examination of yourself and Mr. Fitzsimmons?

Mr. MORRISON. He had the voucher.

Mr. DAVIS. He was trying to ascertain in whose handwriting that was, and he says he inquired of you and others, but could not find out.

Mr. MORRISON. If he did that, I can not remember it.

Mr. DAVIS. And there must be a mistake.

Mr. MORRISON. He certainly is; he is certainly mistaken.

The CHAIRMAN. I desire to put in the record a certified copy, certified under the laws of the United States, of a letter dated Vienna, Austria, May 30, 1911, "Subject: Chief Clerk Michael's payment for portrait of Secretary Day," and signed by Charles Denby, consul general. Said letter is as follows:

[Index Bureau, June 15, 1911. Department of State. Subject: Chief Clerk Michael's payment for portrait of Secretary Day.]

AMERICAN CONSULATE GENERAL,
Vienna, Austria, May 30, 1911.

The honorable the SECRETARY OF STATE, *Washington*.

SIR: I have the honor to confirm your cipher telegram of the 29th instant as follows:

"May 29th, 7 p. m. Confidential testimony before House Committee on Expenditures is to the effect that while Michael was chief clerk one Albert Rosenthal received Michael's personal check for \$850 the actual amount of his bill for portrait of Secretary Day while voucher signed in blank by Rosenthal indicated payment of \$2,450. Mail immediately full report of investigation of transaction made while you were chief clerk; telegraph if you can indicate whereabouts of papers in the case. Knox."

To this telegram I replied by telegraph this date as follows:

"Sec. State, Washington. Telegram 29th received. No written report was made. Careful preliminary investigation failed to convince department that criminal charges could be sustained. My report by next mail. Denby."

In obedience to your instruction I submit the following report of the investigation made of the matter referred to in above telegrams while I was chief clerk of the Department of State.

When it was proposed (in 1905-06?) to have a portrait of Secretary Root painted for the Department of State, I made researches as to the prices that had been paid for portraits of previous secretaries for guidance in making the contract. The large price mentioned in the voucher for Secretary Day's portrait as compared with others at once attracted my attention and led to investigations. Judge Day was communicated with, as well as Albert Rosenthal, the artist. It appeared that Judge Day had indicated that the employment of Rosenthal would meet with his approval, but he had no knowledge of the price paid nor of the figure mentioned in the voucher on file in the Department of State.

Mr. Rosenthal stated that he had not received the sum mentioned in the voucher, but a considerably less sum, and he had no idea of the amount there stated, that he had, in fact, signed a voucher in blank. Efforts were then made in vain to find out in whose handwriting the amount in the voucher had been filled in. Mr. Morrison and Mr. Fitzsimmons of the Bureau of Accounts will remember my repeated interviews with them in this regard.

In the meantime the whole subject had been laid before Secretary Root orally, and I was directed to continue investigations and to find out, if possible, the disposition made of the sum represented by the difference between the face of the voucher and the sum actually paid for the portrait. These efforts were fruitless. Under Secretary Root's instruction, I then wrote in my own name to Mr. Michael, at Calcutta, for an explanation. His reply, which I narrate from memory only, was to the effect that while he was chief clerk under Secretary Hay it had not been unusual to draw at one time from the appropriation allotted to the Department of State, to be used at the Secretary's discretion without submission to the auditor, a sum which was used for a variety of small purposes without necessarily keeping vouchers therefor, but which sum was sometimes covered by inserting larger amounts in other vouchers. Mr. Michael asserted that the sum covered by the Rosenthal voucher had been so used, but that he had no knowledge as to what items of expense had been met therefrom, beyond that they were for department expenditures. Mr. Michael may easily be called on to reiterate or modify this explanation.

How far the alleged irregularities in the use of the particular fund in question were within the knowledge of Secretary Hay could not be ascertained, as he died in 1905, in which year also Mr. Michael went as consul general to Calcutta. Such practices were not continued under Secretary Root, but reports were brought to my knowledge, while I was chief clerk, that the practice had existed previously.

In view of the entire lack of reliable proof of misappropriation of funds, the inevitable unpleasant criticism of the administration of an honored man who had recently died which would result from public action, the incident was passed over and no official action thereon was taken.

I have the honor to be, sir, your obedient servant,

CHAS. DENBY, *Consul General.*

Also a certified copy of a cablegram dated Washington, May 29, 1911, addressed "American Consul, Calcutta," and signed "Knox." Said cablegram is as follows:

DEPARTMENT OF STATE,
Washington, May 29, 1911.

AMERICAN CONSUL, *Calcutta:*

Testimony before House Committee on Expenditures is to the effect that while you were chief clerk one Albert Rosenthal received your personal check for \$850, the actual amount of his bill for portrait of Secretary Day, while voucher signed in blank by Rosenthal indicated payment of \$2,450.

Mail immediately full report of the facts and of the disposition of the remainder of the amount of the voucher. Cable substance of the report.

KNOX.

Also a cablegram dated Washington, May, 29, 1911, directed to "American Consul, Vienna," signed "Knox." Said cablegram is as follows:

DEPARTMENT OF STATE,
Washington, May 29, 1911.

AMERICAN CONSUL, Vienna:

Confidential. Testimony before House Committee on Expenditures is to the effect that while Michael was chief clerk one Albert Rosenthal received Michael's personal check for \$850, the actual amount of his bill for portrait of Secretary Day, while voucher signed in blank by Rosenthal indicated payment of \$2,450.

Mail immediately full report of investigation of transaction made while you were chief clerk. Telegraph if you can indicate whereabouts of papers in the case.

KNOX.

Also a cablegram dated Vienna, May 30, 1911, 11 a. m., addressed "Sec. State, Washington," signed "Denby." Said cablegram is as follows:

[Telegram received.]

FROM VIENNA,
May 30, 1911—11 a. m.

SEC. STATE, Washington:

Telegram 29th received. No written report was made. Careful preliminary investigation failed to convince department that criminal charges could be sustained. My report by next mail.

DENBY.

Also cablegram from Coonoor, June 3, 1911, addressed "Sec. State, Washington," signed "Michael." Said cablegram is as follows:

[Telegram received.]

FROM COONOR,
Rec'd 10.41 a. m., June 3, '11.

SEC. STATE, Washington:

See my letter to Secretary Root re Rosenthal voucher written nineteen six; voucher covered other item than portrait.

MICHAEL.

Also a cablegram dated Washington, June 3, 1911, addressed "Denby, American Consul, Vienna," and signed "Knox." Said cablegram is as follows:

DEPARTMENT OF STATE,
Washington, June 3, 1911.

DENBY, American Consul, Vienna:

Papers in Rosenthal-Michael matter missing. Do you recall disposition.

KNOX.

Also cablegram, dated June 3, 1911, addressed to "Michael, American Consul, Coonoor, India," signed "Knox." Said cablegram is as follows:

DEPARTMENT OF STATE,
Washington, June 3, 1911.

MICHAEL, American Consul, Coonoor, India:

Letter to Root missing. Mail copy with full report.

KNOX.

Also a cablegram from Vienna, undated, addressed "Secretary of State, Washington," and signed "Denby." Said cablegram is as follows:

[Telegram received.]

FROM VIENNA (undated),
Received 10.10 a. m., June 6, 1911.

SECRETARY OF STATE, *Washington*:

The papers were only voucher on file Bureau Accounts, and Michael letter to me elicited as has been stated my report. The latter, as far as recall to mind, was not indexed, left chief clerk's office. Incident revealed during my investigations costs portrait. Was unknown outside the Department of State.

DENBY.

Also a letter bearing date June 9, 1906, addressed "Dear Mr. Denby," and signed "T. Morrison." Said letter is as follows:

[Chief clerk, June 11, 1906. Department of State.]

Memorandum.

BUREAU OF ACCOUNTS, *June 9, 1906.*

DEAR MR. DENBY: With reference to the notation on the voucher herewith for portrait of Judge Day, formerly Secretary of State, I have (at your request) to state that the notation was inserted on the voucher after the date of payment, as a matter of information, which now would appear to have been an error of judgment, and came about as follows:

Sometime ago in compiling a statement showing the cost of portraits purchased by the department, payment of each was traced except the portrait of Judge Day.

I was informed indirectly that Rosenthal was the artist who executed the portrait, and the voucher being signed by him, I naturally connected the payment with the portrait and assumed that in the absence of further information that the total amount of the voucher was in payment of the portrait, and I instructed Mr. Aten, one of the clerks of the bureau, to insert in the voucher: "For portrait of Judge Day, former Secretary of State," and to inclose the same in brackets.

The voucher was sent to me duly approved by Mr. Hay without the notation and the amount of the same was paid over to Col. Michael, former chief clerk of the department.

Respectfully,

T. MORRISON.

MR. DAVIS. Was anybody else present, Mr. Morrison, but you and Mr. Sangston, when this voucher was found on the floor near the waste basket?

MR. MORRISON. No.

MR. DAVIS. What time of the day was that?

MR. MORRISON. I think it was about 5 o'clock.

MR. DAVIS. How long did you remain in the office after the finding of it?

MR. MORRISON. Perhaps until 6 or later.

MR. DAVIS. Did you leave the office before Mr. Sangston left?

MR. MORRISON. No; we usually leave together; he shuts up for me and closes the office.

MR. DAVIS. You think you both left about the same time?

MR. MORRISON. Yes.

MR. DAVIS. No one else was there when the voucher was found, or between that time and the closing up time?

MR. MORRISON. There was during the day—during the afternoon.

MR. DAVIS. I mean from the time the voucher was found and until you left, you and Mr. Sangston were the only two in the office?

MR. MORRISON. Yes.

(Thereupon the committee adjourned.)

No. 9

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JUNE 21, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, *Chairman*, Missouri.

S. H. DENT, Jr., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman*.

S. H. DENT, Jr.

CHARLES R. DAVIS.

D. OF S.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE STATE DEPARTMENT,
Wednesday, June 21, 1911.

The subcommittee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. ALBERT ROSENTHAL—Continued.

The CHAIRMAN. Are you prepared to state about the date you received your pay for the Day portrait?

Mr. ROSENTHAL. Well, the only recollection I have is what the Real Estate Trust Co. informed me, that my deposit slip was March 22, 1904, as I believe I wrote you—an item of \$790 by a check from Washington; that is the only recollection I have of any check from Washington about that time, and it must have covered that portrait.

The CHAIRMAN. That was on March 22, 1904?

Mr. ROSENTHAL. That was the time I made the deposit.

The CHAIRMAN. Now, what is your judgment about the time you received that check?

Mr. ROSENTHAL. It must have been about that time. As to the date of the picture, I do not recall when I delivered that. Of course, it is a long time ago, and all I do recall is that at the time the picture was delivered I probably had to wait a little while until an appropriation was available out of which this picture could be paid; some such statement was made, I recall.

The CHAIRMAN. Who made a statement like that to you?

Mr. ROSENTHAL. The chief clerk.

The CHAIRMAN. Did you receive pay for the picture at about the time you signed the voucher?

Mr. ROSENTHAL. That I do not recall; I do not recall when I signed the voucher or the date of it.

The CHAIRMAN. I am not speaking about the date of it, but the circumstance——

Mr. ROSENTHAL (interposing). I think there must have been some time elapsing, because this explanation would not have been given if I had gotten my check at once.

The CHAIRMAN. You undoubtedly did not get the check at the time you signed the voucher?

Mr. ROSENTHAL. It could not have been possible.

The CHAIRMAN. Do you remember the date that voucher bears?

Mr. ROSENTHAL. I have not the slightest idea.

The CHAIRMAN. The record shows it bears the date of January 18, 1904.

Mr. ROSENTHAL. Yes.

The CHAIRMAN. You did not get your money on that date?

Mr. ROSENTHAL. I could not have possibly gotten it then.

The CHAIRMAN. I hand witness paper now marked Exhibit No. 2, and I will ask you if you have ever seen that paper before?

Mr. ROSENTHAL. It looks like my writing; that is my writing; that is the way I usually put on a postscript.

The CHAIRMAN. Do you have any recollection as to the time you signed that paper?

Mr. ROSENTHAL. No.

The CHAIRMAN. Perhaps I had better read it into the record. I will ask you whether you have any recollection of signing, or did you sign, a paper which reads as follows:

Received on the 18th day of January, 1904, the sum of seven hundred and ninety (790) dollars for a portrait of Judge Day, late Secretary of State, for the Department of State. Albert Rosenthal.

Mr. ROSENTHAL. That is evidently signed by me and that is my writing underneath.

The CHAIRMAN. The writing underneath referred to by the witness is as follows:

This does not include the frame, for which Mr. Fischer received directly from the department \$60. A. R.

Do you remember the date?

Mr. ROSENTHAL. No; I have not the slightest idea.

The CHAIRMAN. Have you any recollection of the circumstance of signing this paper at all?

Mr. ROSENTHAL. No recollection at all, except that I only felt there must be some such receipt in the hands of somebody.

The CHAIRMAN. Do you not have any recollection whatever whether you signed this in Washington, in Philadelphia, or elsewhere?

Mr. ROSENTHAL. I have not the slightest recollection of where I signed that; I should judge that I must have shipped that from Philadelphia. I would not be surprised if that might have been sent back with the voucher.

The CHAIRMAN. Sent back with the voucher?

Mr. ROSENTHAL. I do not know that.

The CHAIRMAN. Would you have signed that kind of a paper before you received your money?

Mr. ROSENTHAL. Very unlikely.

The CHAIRMAN. It is very unlikely you would have done it?

Mr. ROSENTHAL. Very unlikely.

The CHAIRMAN. I will ask you whether you were called upon, in 1906, by Mr. Root or anyone else connected with the State Department, for an explanation in regard to this matter?

Mr. ROSENTHAL. I was not.

The CHAIRMAN. At the time you discovered the voucher was for more money than you had received?

Mr. ROSENTHAL. I recall no explanation whatsoever. I heard nothing more of it after my conversation with Mr. Justice Day.

The CHAIRMAN. And that was after you had signed the voucher?

Mr. ROSENTHAL. Yes.

The CHAIRMAN. You signed no paper in 1906?

Mr. ROSENTHAL. I do not recall any paper that I could have signed in 1906.

The CHAIRMAN. I hand you another paper, Exhibit No. 1, and I will ask you, Mr. Rosenthal, to look at that and identify it if you can.

Mr. ROSENTHAL. That was evidently written to Mr. Denby after my interview. I had absolutely forgotten this letter. This was a letter I wrote just after I saw Justice Day, as I recall it now, and sent it to Mr. Denby.

(Said letter is as follows:)

WASHINGTON, 3/23/1906.

MY DEAR SIR: I saw Justice Day last evening and doubtless you have already seen him in regard to the matter of the payment for his portrait. I sincerely trust that some adequate explanation can be made by Col. Michael in relation to it. I called with the idea of looking at the voucher. I will look through my letters and see if I can discover Col. Michael's letters to me on the subject. In regard to signing vouchers in blank, if I recall rightly in some of my dealings with the Department of Justice, I signed some vouchers in blank, and it is not uncommon to do so. How far this custom held in your department I do not know, as this was my first relation, aside from an engraving of Jefferson, which was purchased some years ago, that I have had with your department.

In regard to the Hay portrait, I would esteem it a favor if you would place my letter to you on the subject before the Secretary of State. I wish to add to the extent of saying that I will have Mrs. Hay pass on the portrait, and will have her approval of the picture. I can not help but feeling that some immediate consideration should be given to this matter.

I will be in Washington again on Tuesday of next week, and will call on you any time between Tuesday and Friday next, which will best suit your convenience.

Very truly,

ALBERT ROSENTHAL.

The CHAIRMAN. Do you think that letter was addressed to Mr. Denby?

Mr. ROSENTHAL. Yes; very likely written in the department, giving a summary of the thing; written probably on some of their own paper.

The CHAIRMAN. The letter itself is not addressed to anyone, is it?

Mr. ROSENTHAL. No.

The CHAIRMAN. Do you now recall the circumstance of writing that letter; the fact that you did write it?

Mr. ROSENTHAL. I do not recall the circumstances, but I can see it is a very logical result of my interview with Mr. Justice Day, and of course I must have written that letter and doubtless I wrote that right in the department in order that he should have some data to guide him.

The CHAIRMAN. Did you write the word "Washington" and the figures "3/23/1906" on this letter?

Mr. ROSENTHAL. No; I did not write that.

The CHAIRMAN. Do you know in whose handwriting it is?

Mr. ROSENTHAL. No; I would not know that. I can see now that I called on Justice Day and he told me he would see them in the department the next day in regard to the matter. This might have been an explanation that Mr. Denby asked me for; it is, very likely. And it failed to have that on there because I wrote that in the department and just handed it over and failed to put the date on it. It was written right in Washington, because that paper I never use at home.

The CHAIRMAN. Have you anything at all whereby you could fix the date that you saw Justice Day about that portrait?

Mr. ROSENTHAL. According to this date——

The CHAIRMAN (interposing). But you say you did not write that?

Mr. ROSENTHAL. I did not write that date in.

The CHAIRMAN. Have you anything by which you can fix the date?

Mr. ROSENTHAL. No; except that I came back from Europe on—it must have been about that date—I came back from Europe about the 1st of February of that year, so it must have been somewhere within 30 days of the 1st of February, or a little after.

The CHAIRMAN. When did you go to Europe?

Mr. ROSENTHAL. I went in July, 1905. I got news that Secretary Hay died the very day I went abroad.

The CHAIRMAN. You went in July, 1905, and you returned in February, 1906?

Mr. ROSENTHAL. Somewhere about January 28, or thereabouts.

The CHAIRMAN. 1906?

Mr. ROSENTHAL. 1906. And then I suppose some four or five weeks after I must have been down in Washington discussing the Hay portrait.

The CHAIRMAN. To refresh your memory, it is in evidence here that when Mr. Denby or Mr. Root investigated this matter in 1906 you were called upon for a statement in relation to the matter. Do you recall whether that is true or not?

Mr. ROSENTHAL. I do not recall any statement that I made then.

The CHAIRMAN. Either verbally or in writing?

Mr. ROSENTHAL. Of course, a man's memory is at fault. I had entirely forgotten this circumstance and I may entirely forget other circumstances. But this I recall, and it was a perfectly logical thing to do after having seen Justice Day.

The CHAIRMAN. Now, you say you have no recollection as to the date when you signed this statement, Exhibit No. 2, that you had received on the 18th of January, 1904, \$790 for the painting of the portrait of Judge Day?

Mr. ROSENTHAL. No; I have not any recollection. I do not think I would have signed that until after I had gotten my money.

The CHAIRMAN. I call your attention to a statement made on Exhibit No. 2, which you have identified as being in your handwriting. You say, "This does not include the frame for which Mr. Fischer received directly from the department \$60. A. R."

Mr. ROSENTHAL. Yes; that is right.

The CHAIRMAN. Do you know when Fischer received his money?

Mr. ROSENTHAL. No; I do not know that.

Mr. DAVIS. It must have been received, however, before you signed this?

Mr. ROSENTHAL. Well, I did that, I put that on purposely, I recall, in order to fix it that I had gotten \$850 for the portrait and frame.

Mr. DAVIS. The statement is "Mr. Fischer received directly." You would hardly have signed that unless he had already received that sum or been informed he had received that sum?

Mr. ROSENTHAL. Yes; informed or told that he had received it.

Mr. DAVIS. If he was to receive it and you did not know that he had received it you would have said, "This does not include the frame for which Mr. Fischer is to receive?"

Mr. ROSENTHAL. I concluded that if I was paid he was paid; I had no authority to say he was paid; I concluded that if I was paid he would probably be paid.

The CHAIRMAN. Then you naturally would not have made this statement until you had received your money and after you had heard that the Fischer Art Co. had received their money?

Mr. ROSENTHAL. It would not follow that I had heard the Fischer Art Co. had received their money, but it would follow that I had received mine; I took it for granted that when I was paid that Fischer had been paid.

The CHAIRMAN. Then this paper could not have been executed on the date that it purports to have been executed?

Mr. ROSENTHAL. Not if I got my check on March 22. I must have gotten it March 21, because I deposited it March 22. I can find no record in 1904 of any check coming from Washington from January up to this deposit which I made on March 22, which was for \$790; and that is the only check I could have received that would have fitted in with this, the only one from Washington.

The CHAIRMAN. The only one from Washington that you received during that time?

Mr. ROSENTHAL. Yes.

Mr. DAVIS. Have you ever made an inquiry of your bank to ascertain whether they have the check?

Mr. ROSENTHAL. They would not have that check.

Mr. DAVIS. You have not made any inquiries concerning it?

Mr. ROSENTHAL. I suppose that check would be back in the maker's possession; they would not keep the check. This exhibit here, No. 1, shows that I said I called on him and did not see him, and I guess that accounts for this; instead of seeing him personally I simply wrote out this statement for Mr. Denby. You see, I say I called with the idea of looking at the voucher.

Mr. DENT. Do you recall whether or not you signed this receipt, Exhibit 2, at the same time you signed the voucher?

Mr. ROSENTHAL. I could not recall that, no; I could not remember that.

Mr. DENT. You have no independent recollection at all of this receipt?

Mr. ROSENTHAL. No.

Mr. DENT. But you have an independent recollection of having signed the blank voucher?

Mr. ROSENTHAL. Oh, that I have absolutely a recollection of.

Mr. DAVIS. If there was any other paper that you signed at that time, would you not have a recollection of it?

Mr. ROSENTHAL. You see, I knew I must have given some receipt, but I never remembered the form of it.

Mr. DAVIS. And this receipt, Exhibit No. 2, was probably signed after you had gotten the money?

Mr. ROSENTHAL. I would say that, of course.

Mr. DAVIS. The voucher would be for the purpose of getting the money and then the receipt would be something given after the money had been paid?

Mr. ROSENTHAL. I knew very well I must have signed something to show that the money had been paid over to me.

The CHAIRMAN. Did you write a letter acknowledging the receipt of the check when it came to you?

Mr. ROSENTHAL. I do not recall, but I might have possibly written a letter.

The CHAIRMAN. You do not remember that?

Mr. ROSENTHAL. No; the chances are I might have written such a letter and it escape my recollection, just as this escaped my mind. A personal letter to Col. Michael might have been written just as well.

The CHAIRMAN. Where were you when you signed the voucher?

Mr. ROSENTHAL. At Philadelphia.

The CHAIRMAN. The voucher was sent to you through the mail?

Mr. ROSENTHAL. Yes, sir.

The CHAIRMAN. And you signed it there and returned it?

Mr. ROSENTHAL. Yes.

Mr. DENT. Do you remember how long it was after you signed the voucher and returned it before you received the check?

Mr. ROSENTHAL. The only idea I have in my mind is, as I said a moment ago, that I was told there would be a little delay, owing to waiting for some appropriation becoming available.

Mr. DAVIS. Was the voucher absolutely in blank when you signed it?

Mr. ROSENTHAL. Oh, yes.

Mr. DAVIS. Absolutely?

Mr. ROSENTHAL. Oh, yes; there is no question about that. This particular letter indicates that when my mind was fresher on the subject I discussed that matter of signing in blank, because I went right over to the Department of Justice, where I had had dealings covering 20 years, off and on, and they said that was the custom, to sign them in blank. They said, "All the vouchers you have gotten from us were made out in blank," and then it was not a surprise that this one was in blank.

Mr. DAVIS. It is not the first one you have signed?

Mr. ROSENTHAL. It is the first from the State Department, but not from the Department of Justice, because I had had dealings with them, covering a period of 20 years, in helping them to get together their historical collection of portraits for different expositions, and I have always signed them in blank.

Mr. DAVIS. There is some evidence in the record tending to show that you signed the voucher by mistake. Is there any such thing as that?

Mr. ROSENTHAL. I would sign any voucher to get paid for my work.

Mr. DAVIS. This was a correct voucher that you signed, was it?

Mr. ROSENTHAL. I suppose so; I do not know. If I were ordered to sign a voucher by the State Department to get paid, I do not think I would hesitate to sign it.

The CHAIRMAN. Do you preserve your correspondence?

Mr. ROSENTHAL. Do I preserve it?

The CHAIRMAN. Yes.

Mr. ROSENTHAL. I do not know whether you would call it preserved; it is boxed up.

The CHAIRMAN. Do you know whether you have any letter from Michael transmitting this voucher to you for your signature?

Mr. ROSENTHAL. No; I can not recall that.

The CHAIRMAN. You think you would hardly preserve your correspondence for that length of time?

Mr. ROSENTHAL. No.

Mr. DENT. Mr. Rosenthal, all of your dealings with reference to this Day portrait were had with Col. Michael, were they not?

Mr. ROSENTHAL. No; my dealings were with Mr. Justice Day.

Mr. DENT. I mean, so far as the State Department is concerned. Your dealings were with him as the representative of the State Department?

Mr. ROSENTHAL. After the portrait was done Mr. Justice Day simply said I should consult with Col. Michael; that was all.

Mr. DENT. The idea I am trying to get at is this: So far as any representative of the State Department is concerned, with reference to this portrait, did you have any dealings with any other person than Col. Michael?

Mr. ROSENTHAL. No; only Col. Michael.

The CHAIRMAN. I desire to put in the record a copy of a letter written by myself to the Hon. Philander C. Knox, Secretary of State, dated Washington, D. C., June 19, 1911.

(Said letter is as follows:)

HOUSE OF REPRESENTATIVES,
COMMITTEE ON THE CENSUS,
June 19, 1911.

In re Day portrait.]

DEAR MR. SECRETARY: I beg to again call your attention to the fact that Mr. Michael stated in his letter to Mr. Root in 1906 that he thought the portrait and frame were paid for with drafts. The committee would be especially glad to get the stubs or other records of these drafts which are certainly in the department if the payments were made in that way.

Second. We would also be glad to have produced any letter or letters received by the department from Mr. Albert Rosenthal dated about March 22, 1904.

Third. Also the statement which recites the receipt by Rosenthal of \$790, which you had before the committee some days ago.

Fourth. Either the originals or certified copies of certificates covering payments under section 291, United States Revised Statutes, for months of January, February, and March, 1904.

These documents we would be pleased to have you send to the committee at 10.30 o'clock a. m., on Wednesday, June 21, 1911.

If you have not all these documents asked for, send those you have and kindly have party who brings them prepared to state why the other documents asked for can not be produced.

With kindest regards, I beg to remain,
Very truly, yours,

C. W. HAMLIN.

HON. PHILANDER C. KNOX,
Secretary of State, Washington, D. C.

Also the reply received from Secretary Knox addressed to myself, dated June 20, 1911.

(Said letter is as follows:)

JUNE 20, 1911.

MY DEAR MR. HAMLIN: I have received your letter of the 19th instant, in which you ask that there be produced to your committee the stubs or other records of drafts drawn in payment for the portrait of ex-Secretary of State William R. Day, and the frame for that portrait. In accordance with your request of the 16th instant, Mr. Thomas Morrison, Chief of the Bureau of Accounts of this department, was instructed to produce to your committee at 3 o'clock on the afternoon of that day any stubs or records of checks or drafts connected in any way with the payment for the Day portrait. Mr. Morrison reports that he produced to the committee the stub of the only check or draft connected with the payment for the portrait of which he has any knowledge or record, and that a copy of said check was retained by your committee. The department has no knowledge of any other stubs or records of checks or drafts connected with the purchase of the portrait and frame referred to.

You also ask that there be produced to the committee any letter or letters received by the department from Mr. Albert Rosenthal, dated about March 22, 1904. A search has been made in the department, and I am informed that no letter of March 22, 1904, or thereabouts, or in fact of any date between January and June, 1904, is of record as having been received by the department from Mr. Albert Rosenthal.

In compliance with your request to have produced to the committee the "Statement which recites the receipt by Rosenthal of \$790, which you had before the committee some days ago," I have to say that the statement so described will be produced to the committee at 10.30 o'clock in the morning of Wednesday, the 21st instant.

In compliance with your further request for the originals or certified copies of certificates covering payments under section 291 of the Revised Statutes for the months of January, February, and March, 1904, I have to say that the certified copies of the certificates are inclosed, the originals being on deposit in the Treasury Department.

I am, my dear Mr. Hamlin, very sincerely, yours,

P. C. KNOX

The Hon. COURTNEY W. HAMLIN,
*Chairman Committee on Expenditures in the State Department,
House of Representatives.*

[Inclosure: Certified copies of certificates Feb. 3, Mar. 3, and Apr. 4, 1904.]

Then I also desire to submit for the record a certified copy of the certificate covering the expenditures for the month of January, 1904, out of the appropriation for "Emergencies arising in the Diplomatic and Consular Service, 1903," signed "F. B. Loomis, Acting Secretary of State," and bearing date February 3, 1904.

(Said certificate is as follows:)

DEPARTMENT OF STATE,
Washington, February 3, 1904.

By direction of the President and in pursuance of section 291 of the Revised Statutes of the United States, I hereby certify that Thomas Morrison, Chief of Bureau of Accounts and disbursing clerk of this department, has expended the sum of \$5,812.16 during the month of January, 1904, from the appropriation for emergencies arising in the Diplomatic and Consular Service, 1903, for expenses incurred during the fiscal year 1903, the object and nature of which expenditure it is deemed inexpedient to make known, and I hereby request the accounting officers of the Treasury, in the settlement of the accounts of the said Thomas Morrison, Chief of Bureau of Accounts and disbursing clerk, to allow him a credit for the amount above named, \$5,812.16.

F. B. LOOMIS,
Acting Secretary of State.
M.

Also another certificate covering the expenditures out of the same fund for February, 1904, signed "Alvey A. Adee, Acting Secretary of State," and dated March 3, 1904.

(Said certificate is as follows:)

DEPARTMENT OF STATE,
Washington, March 3, 1904.

By direction of the President and in pursuance of section 291 of the Revised Statutes of the United States, I hereby certify that Thomas Morrison, chief Bureau of Accounts, and disbursing clerk of this department, has expended the sum of \$2,872.03 during the month of February, 1904, from the appropriation for emergencies arising in the Diplomatic and Consular Service, 1904, for expenses incurred during the fiscal year 1904, the object and nature of which expenditure it is deemed inexpedient to make known, and I hereby request the accounting officers of the Treasury, in the settlement of the accounts of the said Thomas Morrison, chief Bureau of Accounts, and disbursing clerk, to allow him a credit for the amount above named (\$2,872.03).

ALVEY A. ADEE,
Acting Secretary of State.
M.

Also another certified copy of a certificate covering expenditures out of the same fund in the month of March, 1904, signed "F. B. Loomis, Acting Secretary of State," and dated April 4, 1904.

(Said certificate is as follows:)

DEPARTMENT OF STATE,
Washington, April 4, 1904.

By direction of the President, and in pursuance of section 291 of the Revised Statutes of the United States, I hereby certify that Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk of this Department, has expended the sum of \$22,489.08 during the month of March, 1904, from the appropriation for emergencies arising in the Diplomatic and Consular Service, 1904, for expenses incurred during

the fiscal year 1904, the object and nature of which expenditure it is deemed inexpedient to make known, and I hereby request the accounting officers of the Treasury, in the settlement of the accounts of the said Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk, to allow him a credit for the amount above named (\$22,489.08).

F. B. LOOMIS, *Acting Secretary of State.*
M.

\$22,489.08.

TESTIMONY OF MR. IRA K. MOORE.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What is your name, please?

Mr. MOORE. Ira K. Moore.

The CHAIRMAN. And you are with whom?

Mr. MOORE. The V. G. Fischer Art Co.

The CHAIRMAN. In the city of Washington?

Mr. MOORE. Yes, sir.

The CHAIRMAN. I will ask you, Mr. Moore, if you recall, by an examination of the records or otherwise, having sold a frame to inclose the picture of ex-Secretary of State Day to Mr. Rosenthal some years ago?

Mr. MOORE. Yes, sir.

The CHAIRMAN. Do you remember the price that you received for that frame?

Mr. MOORE. \$60.

The CHAIRMAN. The point I want to get at is: When did you receive payment for that frame?

Mr. MOORE. Well, I could not give the exact date; it was in the month of June, 1904.

The CHAIRMAN. And from whom? Do you know or do your records show?

Mr. MOORE. No; but it was charged up to the State Department.

The CHAIRMAN. And you received your pay in June, 1904?

Mr. MOORE. 1904.

Mr. DAVIS. I presume you had other items charged to the State Department or was this the sole item?

Mr. MOORE. The sole item.

Mr. DAVIS. Would not your books indicate when you received that?

Mr. MOORE. It does not give that in the way Mr. Fischer keeps the books. All the money that comes in is totaled at the end of the day and is all bulked. If it had come in on a separate date, this \$60, I could give you the date, but it was scratched off in the month of June or during the month of June.

Mr. DAVIS. Do you not keep a blotter?

Mr. MOORE. No; we just keep a daybook.

The CHAIRMAN. You have nothing to show whether it was paid by check or cash?

Mr. MOORE. No.

The CHAIRMAN. Have you not traced that check into the hands of the bank?

Mr. MOORE. I traced it to the bank, but they said they could not tell whose check it was or anything.

The CHAIRMAN. But it was a check?

Mr. MOORE. It was received in a check.

The CHAIRMAN. And you traced the check to the bank?

Mr. MOORE. Yes, sir.

The CHAIRMAN. But they have no record to show who drew the check?

Mr. MOORE. No, sir.

Mr. DAVIS. Would not the records show the date of the check?

Mr. MOORE. I did not go and find out; the party called on me the next day, but I was out, and I have been waiting for him. I could get the exact date from the bank when that \$60 was deposited.

The CHAIRMAN. But you know it was in the month of June, 1904?

Mr. MOORE. Yes, sir.

Mr. DENT. Do you mean to say that this \$60 account was the only account you had against the department during that year?

Mr. MOORE. Well, I could not say during the year, but it was the only account from December to June.

Mr. DENT. From December, 1903, until June, 1904?

Mr. MOORE. Yes; that is when the frame was ordered.

(Thereupon the committee adjourned.)

No. 10

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JULY 6, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE
1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, *Chairman*, Missouri.

S. H. DENT, Jr., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman*.

S. H. DENT, JR.

CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE
ON EXPENDITURES IN THE STATE DEPARTMENT,
Thursday, July 6, 1911.

The committee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

There were also present Messrs. Dent and Davis.

TESTIMONY OF MR. THOMAS MORRISON—Continued.

The CHAIRMAN. Did you bring up those vouchers, Mr. Morrison?

Mr. MORRISON. I have a few of them here.

The CHAIRMAN. Let us look at what you have and we will see what we want to inquire of you about. You did not bring any more?

Mr. MORRISON. No, sir; that is all I have, sir.

The CHAIRMAN. Mr. Morrison, you have presented to the committee, in part compliance with the subpoena, a certified copy of a voucher for \$1,200, approved by Huntington Wilson, Acting Secretary of State, bearing date July 12, 1910, payable to F. B. Loomis, and paid by you on that date, said to be "on account of my honorarium in lieu of compensation and expenses as commissioner general of the United States to the International Exposition of Industry and Labor to be held at Turin, Italy, during the calendar year, 1911."

(The voucher in full is as follows:)

The United States, to F. B. Loomis, Dr., on account of the appropriation for international expositions at Rome and Turin, Italy.

July 12, 1910.	To amount on account of my honorarium in lieu of compensation and expenses as commissioner general of the United States to the International Exposition of Industry and Labor to be held at Turin, Italy, during the calendar year 1911.....	\$1,200
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Approved.

HUNTINGTON WILSON,
Acting Secretary of State.

Received this 12th day of July, 1910, from Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk, Department of State, the sum of one thousand two hundred dollars, in full payment of the above account.

\$1,200.

F. B. LOOMIS,
Commissioner General of the United States to the International Exposition of Industry and Labor to be held in Turin in 1911.

You have also furnished a certified copy of a receipt for \$70,000, dated the 30th day of January, 1903, signed by John W. Foster and Robert Lansing, attorneys in fact for James Rufus Amidon and his wife Georgina M. Amidon, executrix of the last will and testament of Henry G. Ward, deceased.

(Said receipt in full is as follows:)

\$70,000.

Received from the Secretary of State of the United States the sum of seventy thousand dollars (\$70,000), on account of the award of \$368,237 made by the Department of State, as set forth in the letter of the Secretary to Messrs. Foster and Lansing, dated January 30, 1903, in the claim of the estate of Gen. F. T. Ward, known as the Ward estate claim, against the Chinese Government, said claim arising prior to 1862 and made payable from the Chinese indemnity of 1900.

Witness our hands at Washington, D. C., this 30th day of January, A. D. 1903.

James Rufus Amidon and his wife, Georgina M. Amidon, executrix of the last will and testament of Henry G. Ward, deceased, by John W. Foster and Robert Lansing, attorneys in fact,

By JOHN W. FOSTER.

W. A. FITZSIMMONS, *Witness.*

Also certified copy of a receipt, bearing date of March 21, 1904, signed by the same parties and for the same parties, for \$88,237.

(Said receipt in full is as follows:)

\$88,237.

Received from the Secretary of State of the United States the sum of eighty-eight thousand two hundred and thirty-seven dollars, in full payment and satisfaction of the balance due on the award of \$368,237 made by the Department of State, as set forth in the letter of the Secretary to Messrs. Foster & Lansing, dated January 30, 1903, in the claim of the estate of Gen. F. T. Ward, known as the Ward estate claim, against the Chinese Government, such claim arising prior to 1862 and made payable from the Chinese indemnity of 1900.

Witness our hands at Washington this 21st day of March, A. D. 1904.

James Rufus Amidon and his wife, Georgiana M. Amidon, executrix of the last will and testament of Henry G. Ward, deceased.

By JOHN W. FOSTER,
ROBERT LANSING,
Attorneys in fact.

Attest:

FENNIS S. HAMLIN,
For Signature of John W. Foster.

JNO. LANSING,
For Signature of Robert Lansing.

Also a certified copy of a receipt for \$70,000, signed by the same parties and for the same parties, bearing date of July 23, 1903.

(Said receipt in full is as follows:)

\$70,000.

Received from the Secretary of State of the United States the sum of seventy thousand dollars, on account of the award of \$368,237 made by the Department of State, as set forth in the letter of the Secretary to Messrs. Foster & Lansing, dated January 30, 1903, in the claim of the estate of Gen. F. T. Ward, known as the Ward estate claim, against the Chinese Government, said claim arising prior to 1862, and made payable from the Chinese indemnity of 1900.

Witness our hands at Watertown, N. Y., this 23d day of July, A. D. 1903.

James Rufus Amidon, and his wife, Georgiana M. Amidon, executrix of the last will and testament of Henry G. Ward, deceased,

By JOHN W. FOSTER,
ROBERT LANSING,
Attorneys in fact.

Attest:

WM. HAYWOOD.

Also a certified copy of a receipt for \$70,000, bearing date of January 13, 1904, signed by the same parties and for the same parties.

(Said receipt in full is as follows:)

\$70,000.

Received from the Secretary of State of the United States the sum of seventy thousand dollars, on account of the award of \$368,237 made by the Department of State, as set forth in the letter of the Secretary to Messrs. Foster & Lansing, dated January 30, 1903, in the claim of the estate of Gen. F. T. Ward, known as the Ward estate claim, against the Chinese Government, said claim arising prior to 1862, and made payable from the Chinese indemnity of 1900.

Witness our hands at Washington, D. C., this 13th day of January, A. D. 1904.

James Rufus Amidon, and his wife, Georgiana M. Amidon, executrix of the last will and testament of Henry G. Ward, deceased,

By JOHN W. FOSTER,
ROBERT LANSING,
Attorneys in fact.

Attest:

E. M. ATEN.

And also a certified copy of a receipt for \$70,000, dated the 27th day of February, 1903, signed by the same parties and for the same parties.

(Said receipt in full is as follows:)

[Second installment of \$70,000.]

\$70,000.

Received from the Secretary of State of the United States the sum of seventy thousand dollars, on account of the award of \$368,237 made by the Department of State, as set forth in the letter of the Secretary of State to Messrs. Foster & Lansing, dated January 30, 1903, in the claim of the estate of Gen. F. T. Ward, known as the Ward estate claim, against the Chinese Government, said claim arising prior to 1862 and made payable from the Chinese indemnity of 1900.

Witness our hands at Washington, D. C., this 27th day of February, A. D. 1903.

James Rufus Amidon and his wife Georgiana M. Amidon, executrix of the last will and testament of Henry G. Ward, deceased.

By JOHN W. FOSTER,
ROBERT LANSING,
Attorneys in fact.

Did you bring any other vouchers than these that I have mentioned?

Mr. MORRISON. That is all.

The CHAIRMAN. You were asked in the subpoena to bring the voucher or vouchers showing what money, and on what account, was paid by you as disbursing officer of the State Department to Chandler P. Anderson during the last fiscal year. Why did you not produce the vouchers for those payments?

Mr. MORRISON. This communication explains that, Mr. Chairman—the communication from the Secretary of State.

The CHAIRMAN. I do not think it does explain it.

(The witness here hands the committee the following communication:)

JULY 6, 1911.

DEAR MR. MORRISON: Regarding the summons dated July 5, 1911, which has been handed to you commanding your presence on July 6, 1911, at 3 p. m., before the subcommittee of the Committee on Expenditures in the State Department, a committee of the House of Representatives of the United States, of which the Hon. Courtney W. Hamlin is chairman, and the direction therein contained to bring with you certain documents specified in that document, you are hereby directed as follows:

You will take with you to the committee, and leave with the committee if so requested, certified copies of all vouchers which have been requested by the committee, and which you have had time to secure from the files and have certified, except vouchers for those payments which have been covered by certificates under

Revised Statutes, section 291, which latter vouchers you will not produce, neither certified copies thereof, upon grounds already made known to the committee.

You will state to the committee the names of those persons, if any, who have been named in the summons and to whom no payments have been made within the period specified in the summons.

P. C. KNOX.

That does not seem to answer my question. Why did you not produce the vouchers for payments made to Chandler P. Anderson, if any, during the last fiscal year?

Mr. MORRISON. I can only refer you to that communication.

The CHAIRMAN. Well, that communication does not mention Chandler P. Anderson at all. Why did you not produce the vouchers for moneys paid, if you paid any, to Chandler P. Anderson during the last fiscal year?

Mr. MORRISON. Because it was a payment made under section 291. That section applies to it.

The CHAIRMAN. That is the point I am trying to get at. Then you did make a payment to Chandler P. Anderson during the last fiscal year out of the emergency or secret fund?

Mr. MORRISON. I made it under section 291.

The CHAIRMAN. Section 291 of the Revised Statutes?

Mr. MORRISON. Yes.

The CHAIRMAN. What position does he hold in the department?

Mr. MORRISON. He is the counselor for the Department of State.

The CHAIRMAN. Do you pay his salary out of the emergency fund—the fund provided for by section 291 of the Revised Statutes?

Mr. MORRISON. No.

The CHAIRMAN. Then why did you not bring those vouchers along?

Mr. MORRISON. What vouchers, Mr. Chairman?

The CHAIRMAN. For his salary. The salary that you have paid him during the last fiscal year.

Mr. MORRISON. Well——

The CHAIRMAN (interposing). You say they were not paid out of that emergency fund. Why did you not bring those vouchers along?

Mr. MORRISON. I really did not know you wanted the pay roll of the department. It is the pay roll of the department that his name is on.

The CHAIRMAN. Have you read a copy of the subpœna that was left with you? In that subpœna you were commanded as follows:

First. To bring with him and produce before the committee all vouchers signed by the following persons and paid by him, for any purpose whatever, during the fiscal year ending June 30, A. D. 1911, to wit: Chandler P. Anderson, James B. Scott, Robert Lansing, William C. Dennis, William T. S. Doyle, W. C. Carpenter, James B. McCreary, Charles B. Landis, James L. Slayden, Robert Bacon, Henry G. Davis, John Ball Osborne, and Francis B. Loomis.

This subpœna specifically states “for any purpose whatsoever.”

Mr. MORRISON. I regret very much that I did not bring the pay roll; I can get that, however, in a moment.

The CHAIRMAN. What service did Chandler P. Anderson render the Government, if you know, outside of his service as counselor, during the last fiscal year for which any money was paid to him?

Mr. MORRISON. Well, I do not really know what the services were; he is employed by the Secretary of State to perform certain services for him. I have no knowledge of what it is or what it was.

The CHAIRMAN. He performed service in addition to his service as counsellor and he was paid for that extra service out of this emergency fund, was he?

Mr. MORRISON. Mr. Anderson was appointed on the 16th day of December last.

The CHAIRMAN. As counsellor?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. He never was connected with the department until that time?

Mr. MORRISON. You made inquiry about payments to other parties.

The CHAIRMAN. We will come to that in a minute. Have any payments been made to Chandler P. Anderson out of the emergency fund since he became counsellor of the department?

Mr. MORRISON. No.

The CHAIRMAN. Has he received any extra compensation since he has been counsellor for the department?

Mr. MORRISON. No.

The CHAIRMAN. None whatever.

Mr. MORRISON. None whatever—that is, to the best of my knowledge and belief.

The CHAIRMAN. All the money that you have paid to Chandler P. Anderson since he has been counsellor of the department has been his salary as counsellor?

Mr. MORRISON. Yes, sir; to the best of my knowledge.

The CHAIRMAN. Do you remember what his salary is?

Mr. MORRISON. It is \$7,500 a year.

The CHAIRMAN. Previous to that time he had been employed by the department and you paid him out of the emergency fund, did you?

Mr. MORRISON. I paid him under section 291.

The CHAIRMAN. Well, that is what is known as the emergency or secret fund, is it not?

Mr. MORRISON. It covers that; yes.

The CHAIRMAN. Do you remember how much you paid him out of that fund during the last year?

Mr. MORRISON. No; I do not.

The CHAIRMAN. Have you looked it up?

Mr. MORRISON. I do not remember.

The CHAIRMAN. You have not looked it up?

Mr. MORRISON. No.

The CHAIRMAN. How about James B. Scott? You brought no vouchers covering any payments to him.

Mr. MORRISON. That is the same thing, because he was also paid under section 291.

The CHAIRMAN. What services did he render?

Mr. MORRISON. I am not aware of what services he did render. He was employed by the department under the Secretary of State.

The CHAIRMAN. Is he in the employ of the department at this time?

Mr. MORRISON. No, sir.

The CHAIRMAN. Has he been in the employ of the department in recent years?

Mr. MORRISON. During this year?

The CHAIRMAN. Well, during recent years?

Mr. MORRISON. Oh, he severed his connection with the department, I think, less than a year ago. He was formerly——

The CHAIRMAN (interposing). In what capacity?

Mr. MORRISON. He was formerly the solicitor.

The CHAIRMAN. Was he connected with any of the commissions within the past year?

Mr. MORRISON. No; not with any commissions. He was on special duty as a solicitor on international arbitration.

The CHAIRMAN. How was he paid for that service?

Mr. MORRISON. He was paid for that service under section 291.

The CHAIRMAN. Do you know in what capacity he served on that commission?

Mr. MORRISON. Well, he was alone on that.

The CHAIRMAN. Representing this Government?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Was he not also associate counsel for the North Atlantic Coast Fisheries Arbitration?

Mr. MORRISON. He may have performed some services in that arbitration when he was the solicitor.

The CHAIRMAN. For what commission?

Mr. MORRISON. The arbitration commission.

The CHAIRMAN. But did you ever pay him anything for services rendered as associate counsel on this North Atlantic Coast Fisheries Arbitration?

Mr. MORRISON. Not to my knowledge; I can not recall.

The CHAIRMAN. Did you look over the books carefully to see what moneys you had paid to these parties during the last fiscal year?

Mr. MORRISON. I made a hasty examination of the books. I did not have sufficient time to get at the information. But I can not recall that he was paid for that service while he was solicitor.

The CHAIRMAN. Do you not recall that I furnished you a list of these parties something like two weeks ago, with the personal request that you look up the matters and be ready when we called on you to give us the information; do you remember that?

Mr. MORRISON. That matter was turned over to the department.

The CHAIRMAN. Do you remember my calling on you and furnishing a list of these names and asking you to look up these matters and be ready when we called on you?

Mr. MORRISON. I remember your calling.

The CHAIRMAN. Then why do you say you have not had sufficient time?

Mr. MORRISON. I turned that matter over to the department. I am subject to the orders of the Secretary of State, you see.

The CHAIRMAN. About what time did you turn that matter over to the department?

Mr. MORRISON. I must take my orders from the Secretary.

The CHAIRMAN. You say you turned that list over to the department?

Mr. MORRISON. Yes.

The CHAIRMAN. At once?

Mr. MORRISON. Yes.

The CHAIRMAN. Then what instructions did they give you in relation to that list?

Mr. MORRISON. All the instruction I had is contained in this communication that I brought up to-day

The CHAIRMAN. And that was given to-day, was it not?

Mr. MORRISON. I believe it bears to-day's date.

The CHAIRMAN. Did the Secretary say anything to you about that list from the time I gave it to you until you received this letter to which you refer and dated to-day?

Mr. MORRISON. No; the Secretary said nothing about it to me.

The CHAIRMAN. Then you did not look up that information at all?

Mr. MORRISON. Well, we examined it; we examined into it.

The CHAIRMAN. Who did?

Mr. MORRISON. I did.

The CHAIRMAN. When?

Mr. MORRISON. Perhaps a day or two afterwards; not at once. I had other work on my hands then.

The CHAIRMAN. Then you have had ample time to look it up and did look it up, did you not?

Mr. MORRISON. I did not go carefully into it because I was waiting for instructions from the department in connection with it.

The CHAIRMAN. And you got no instructions from the department?

Mr. MORRISON. Except what I have here to-day.

The CHAIRMAN. Did the Secretary ever tell you to look up these matters?

Mr. MORRISON. I have never been in communication with the Secretary at all.

The CHAIRMAN. From whom did you get your orders?

Mr. MORRISON. From the Assistant Secretary and the Chief of the Consular Service.

The CHAIRMAN. Mr. Carr and Mr. Wilson?

Mr. MORRISON. Yes.

The CHAIRMAN. And when did you get your instructions from them to look up these matters?

Mr. MORRISON. I took up this matter at once upon the receipt of this summons yesterday and sent it to them and waited for instruction.

The CHAIRMAN. And then when did you get instructions from them to take it up?

Mr. MORRISON. This morning.

The CHAIRMAN. This morning?

Mr. MORRISON. Yes; I received the summons yesterday afternoon.

The CHAIRMAN. You did not take up the matter at all when I left that list with you?

Mr. MORRISON. I turned it over to them.

The CHAIRMAN. To whom?

Mr. MORRISON. To the department.

The CHAIRMAN. I mean to what person?

Mr. MORRISON. To the Director of the Consular Service.

The CHAIRMAN. Well, name him.

Mr. MORRISON. Mr. Carr.

The CHAIRMAN. Mr. Carr was in your office at the time I handed you the list, was he not?

Mr. MORRISON. Yes.

The CHAIRMAN. And you handed the list to him right there, did you?

Mr. MORRISON. I beg your pardon; I did not mean Mr. Carr; I handed it to the chief clerk, who was right there.

The CHAIRMAN. Mr. McNeir?

Mr. MORRISON. Yes.

The CHAIRMAN. He was right in the office when I handed you the list?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And you turned the list over to them immediately?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And you did not receive any directions from them at all until you got this summons yesterday?

Mr. MORRISON. No, sir; no more than to make certified copies of some of these vouchers.

The CHAIRMAN. Did they tell you what vouchers to make certified copies of?

Mr. MORRISON. I believe they did. I do not recall which particular vouchers they requested me to make.

The CHAIRMAN. How did they give you your instructions—orally or in writing?

Mr. MORRISON. I think it was a telephone instruction that came in there.

The CHAIRMAN. And to whom did you talk?

Mr. MORRISON. To the Director of the Consular Service.

The CHAIRMAN. Mr. Carr?

Mr. MORRISON. Or to the chief clerk; yes.

The CHAIRMAN. Now, which one was it?

Mr. MORRISON. I really can not say; it was one of the two.

The CHAIRMAN. Have you not yet learned to distinguish their voices over the telephone?

Mr. MORRISON. Well, it is a pretty difficult thing to do.

The CHAIRMAN. How do you know it was either one of those two men?

Mr. MORRISON. Well, the direction would naturally come from either one of them, one or the other.

The CHAIRMAN. That is the only reason you have for saying that it was either Mr. Carr or Mr. McNeir who telephoned? You say the direction would naturally come from either one of the two?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And that is the only reason?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You do not think it could have been Mr. Huntington Wilson, the Assistant Secretary of State?

Mr. MORRISON. Sir?

The CHAIRMAN. Perhaps it was Huntington Wilson?

Mr. MORRISON. I take my instructions from the chief clerk always.

The CHAIRMAN. Then it must have been the chief clerk?

Mr. MORRISON. Well, I daresay it was; I can not say whether it was the chief clerk or Mr. Carr.

The CHAIRMAN. He told you over the phone what vouchers to make certified copies of?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. As he gave them to you over the phone did you make a note of the vouchers of which you were to make certified copies?

Mr. MORRISON. I think the names of the parties were mentioned.

The CHAIRMAN. Did you take the names of the parties?

Mr. MORRISON. Yes.

The CHAIRMAN. Have you that memorandum with you?

Mr. MORRISON. No.

The CHAIRMAN. You did not preserve that?

Mr. MORRISON. No.

The CHAIRMAN. How did they know what vouchers you ought to make certified copies of and what not? Had they looked them up? What did they say to you over the phone? Repeat the conversation.

Mr. MORRISON. My recollection is they asked for certified copies of those vouchers.

The CHAIRMAN. What vouchers?

Mr. MORRISON. Those that you called for.

The CHAIRMAN. Well, all of them?

Mr. MORRISON. I think so.

The CHAIRMAN. Well, then, why did you not make certified copies of all I called for, if they told you to do so?

Mr. MORRISON. Well, my recollection is that I did. I supposed the matter had been disposed of by this time.

The CHAIRMAN. What disposed of by this time?

Mr. MORRISON. These vouchers that you spoke about.

The CHAIRMAN. How disposed of?

Mr. MORRISON. I thought perhaps they had seen you in connection with them; I did not know.

The CHAIRMAN. You have just said they asked for certified copies of the vouchers that I asked for and yet you only bring the vouchers mentioned in the record, numbering three or four. Why did you not make copies of all?

Mr. MORRISON. I beg your pardon, I did not understand you. I assume those will come later to you.

The CHAIRMAN. You do assume that?

Mr. MORRISON. I think so.

The CHAIRMAN. Are you not the custodian of these vouchers?

Mr. MORRISON. Yes.

The CHAIRMAN. You were subpoenaed to produce these vouchers by a committee of the House. Do you presume to ignore the direction of this committee and take your direction from the chief clerk of the department and produce only such as he directs you to produce?

Mr. MORRISON. If I understand this summons, I brought everything called for with the exception of those mentioned in the letter of the Secretary of State.

The CHAIRMAN. He does not mention any.

Mr. MORRISON. Well, he refers to all of those paid under section 291.

The CHAIRMAN. I will ask you specifically. The subpoena required you to bring all vouchers showing all moneys paid to Chandler P. Anderson during the fiscal year 1911, but you brought none at all.

Mr. MORRISON. No.

The CHAIRMAN. Why did you not bring these vouchers?

Mr. MORRISON. I did not think you wanted me to bring the pay roll, but I can get it; I can produce that in a very short time, in a few minutes.

The CHAIRMAN. You simply did not think to bring it?

Mr. MORRISON. I did not think to bring the pay roll.

The CHAIRMAN. Did you bring any vouchers showing any money paid to James B. Scott, as asked for in the subpoena?

Mr. MORRISON. No.

The CHAIRMAN. Why not?

Mr. MORRISON. Because they are covered under section 291.

The CHAIRMAN. Did you look to see whether it was covered by section 291?

Mr. MORRISON. It is so stated in the Secretary's letter.

The CHAIRMAN. I beg your pardon; the Secretary's letter does not mention Scott. Did you look to see whether the money paid to Scott, James B. Scott, was paid out of the emergency fund under section 291?

Mr. MORRISON. It was paid under section 291.

The CHAIRMAN. How do you know?

Mr. MORRISON. I have seen it.

The CHAIRMAN. When did you see it?

Mr. MORRISON. Recently; I can not say exactly, but I know it was paid under section 291.

The CHAIRMAN. In what capacity did he serve to earn the money that you say you paid him under section 291?

Mr. MORRISON. He was, my recollection is, on this special duty, solicitor on international arbitration.

The CHAIRMAN. Solicitor on international arbitration?

Mr. MORRISON. Yes.

The CHAIRMAN. The legal adviser of the commission, is that the idea?

Mr. MORRISON. He was acting, I think, in an independent capacity in this case.

The CHAIRMAN. What do you mean by "an independent capacity?"

Mr. MORRISON. Well, he was alone in the service; that was a special duty that was assigned to him.

The CHAIRMAN. And designated as a solicitor?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And there was no one else on that commission, you think?

Mr. MORRISON. No, sir.

The CHAIRMAN. Where did that commission sit, do you know?

Mr. MORRISON. Well, he was on duty here in Washington and I think he went abroad on one or two occasions; I am not sure; I do not know what his movements were. I do not know anything about his movements at all. All I know is that I paid him.

The CHAIRMAN. You paid the voucher for it?

Mr. MORRISON. Yes.

The CHAIRMAN. And you have looked up that voucher recently?

Mr. MORRISON. Yes.

The CHAIRMAN. And that voucher recites the services performed by him, does it not?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. What service was it?

Mr. MORRISON. I have said here repeatedly that it was as solicitor on international arbitration.

The CHAIRMAN. You are reading from a memorandum, are you not? Did you make that memorandum?

Mr. MORRISON. I made that memorandum, yes.

The CHAIRMAN. When did you make the memorandum from which you are reading?

Mr. MORRISON. I made it the other day.

The CHAIRMAN. Did you make it from your books?

Mr. MORRISON. I made it from my books and memory, yes.

The CHAIRMAN. Did you get this memorandum in regard to the payment to James B. Scott from your books or from memory?

Mr. MORRISON. Well, I knew of his appointment.

The CHAIRMAN. When he was appointed?

Mr. MORRISON. I could not give you the exact date, but some time last year.

The CHAIRMAN. Appointed by whom?

Mr. MORRISON. The Secretary of State.

The CHAIRMAN. Did he leave the country in the performance of his duty or remain in Washington?

Mr. MORRISON. He has been abroad; he went abroad. My recollection is that he finished his duties on his return from Europe. But I did not follow his movements; I do not know anything about his movements, and I am not supposed to know anything about his movements.

The CHAIRMAN. Did you make that memorandum without any instructions from the chief clerk or anyone else?

Mr. MORRISON. Yes.

The CHAIRMAN. How did you happen to make up that memorandum if you did not look up this record because of lack of instructions to look it up?

Mr. MORRISON. I received no instructions to look it up at all.

The CHAIRMAN. You said awhile ago that you received no instructions?

Mr. MORRISON. No; I did not receive any instructions in regard to this; I made it up myself; I knew that he had been appointed.

The CHAIRMAN. Does your memorandum show how much money was paid to Scott?

Mr. MORRISON. No.

The CHAIRMAN. Do you remember how much?

Mr. MORRISON. I do not, but I think about \$1,200.

The CHAIRMAN. Did you bring any voucher here showing any moneys paid to Robert Lansing during the last fiscal year?

Mr. MORRISON. No.

The CHAIRMAN. Why did you not bring that?

Mr. MORRISON. For the reason that he was also paid under section 291.

The CHAIRMAN. In what capacity did he serve the Government?

Mr. MORRISON. I do not recall about that.

The CHAIRMAN. You do not know?

Mr. MORRISON. I do not recall it.

The CHAIRMAN. Is he in the employ of the Government now?

Mr. MORRISON. Not to my knowledge.

The CHAIRMAN. Is he not on the pay roll now?

Mr. MORRISON. No.

The CHAIRMAN. Are you not paying him each month?

Mr. MORRISON. No.

The CHAIRMAN. When did you make the last payment to Robert Lansing?

Mr. MORRISON. I do not know when I made the last payment, but some time ago. He is not on our roll.

The CHAIRMAN. About how long ago?

Mr. MORRISON. Well, I can not say, but perhaps four or five months ago.

The CHAIRMAN. Does the memorandum that you have there show in what capacity Robert Lansing served the Government?

Mr. MORRISON. No.

The CHAIRMAN. It does show in what capacity Scott served the Government, but you did not make a memorandum about Lansing?

Mr. MORRISON. He was on special duty for the department, under the direction of the Secretary of State. I do not know what his duties were.

The CHAIRMAN. Did you look at the voucher to see when you were making up that memorandum?

Mr. MORRISON. No; I did not.

The CHAIRMAN. You did not look up Robert Lansing at all?

Mr. MORRISON. I know that he was employed on special duty by the Secretary of State.

Mr. DAVIS. Do these vouchers that you have been talking about in the last few minutes specify particularly what services they were engaged in and why the payment was made?

Mr. MORRISON. Yes; some of them do.

Mr. DAVIS. Some of them. Do not all of them specify?

Mr. MORRISON. Well, it is not necessary for all of them to specify.

Mr. DAVIS. I am asking you whether they do specify or not?

Mr. MORRISON. Yes; usually.

Mr. DAVIS. Usually?

Mr. MORRISON. Yes.

Mr. DAVIS. What ones do you recall that are unusual?

Mr. MORRISON. Well, I can not recall any particular ones.

Mr. DAVIS. But some of them are simply vouchers for so much money without specifying anything else on the vouchers?

Mr. MORRISON. Well, yes; for special services rendered.

Mr. DAVIS. They simply say special services?

Mr. MORRISON. Yes.

Mr. DAVIS. That is how the vouchers read?

Mr. MORRISON. Yes.

Mr. DAVIS. Without specifying what the service was at all?

Mr. MORRISON. I am not supposed to know what the services are.

Mr. DAVIS. I am talking about the vouchers. You are the custodian of the vouchers and read them, no doubt. You say that some of them do not specify any particular services, but just simply say "For special services?"

Mr. MORRISON. Well, they generally read: "For special services rendered by direction of the Secretary of State."

Mr. DAVIS. Without saying where the services were performed or the nature of the services?

Mr. MORRISON. Oftentimes it does specify where the service is performed.

Mr. DAVIS. Have you any voucher that does not specify where or when the service was performed?

Mr. MORRISON. As I say, there may be some, but I pass so many I can not recall.

Mr. DAVIS. For instance, a voucher may say, "For special services performed in Europe"?

Mr. MORRISON. Yes.

Mr. DAVIS. Or performed in England?

Mr. MORRISON. Yes.

Mr. DAVIS. That would appear. Do they not all specify for special services performed in a certain place, Europe, Asia, or Africa, and on a certain line? Do they not all specify something?

Mr. MORRISON. We usually try to have them prepared in that way.

Mr. DAVIS. Have you any vouchers that do not specify anything?

Mr. MORRISON. I do not think we have.

Mr. DENT. Will you give the committee the form of this certificate under section 291; give us substantially the form of it? I do not mean exactly, but substantially the form of the certificate under which you pay out money from this secret or emergency fund.

Mr. MORRISON. I have not a copy with me.

Mr. DENT. Can not you give us substantially the form of it? You have been in the department a number of years.

Mr. MORRISON. It is for payments which at the time it is not considered advisable to make public, or the nature of the services; something to that effect.

Mr. DENT. I am not asking you to give it to us in exact form. I am asking you to give us substantially the form of the certificate which you present to the auditor when you make a payment under section 291. That is a public matter, of course?

Mr. MORRISON. That is about the way it reads.

Mr. DENT. How?

Mr. MORRISON. For expenses incurred.

Mr. DENT. Just give us the substantial form of it.

Mr. MORRISON. I can not give it to you word for word.

Mr. DENT. I know you can not, and therefore I am asking only for the substance of it.

Mr. MORRISON. Well, the substance of it is: For expenses incurred and not deemed proper to make public.

Mr. DENT. And names the parties who receive the money?

Mr. MORRISON. It names me; that I should be credited in that amount.

Mr. DENT. That is what I am trying to get at.

Mr. MORRISON. I can get you the form of it.

Mr. DENT. The certificate is substantially to this effect: That the Auditor for the Treasury Department is authorized to credit Thomas Morrison, disbursing clerk, with so much money under section 291, and no more?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Without naming any other individual?

Mr. MORRISON. That is right.

The CHAIRMAN. Did you bring up any voucher showing any payments made to William C. Dennis during the last fiscal year?

Mr. MORRISON. No.

The CHAIRMAN. You did pay money to Dennis during this last fiscal year, did you not?

Mr. MORRISON. Yes.

The CHAIRMAN. Why did you not bring those vouchers?

Mr. MORRISON. That is one of the number paid out of section 291, or under that section.

The CHAIRMAN. What services did he render to the Government which caused you to pay him under section 291?

Mr. MORRISON. He was connected with the Orinoco Steamship Co.

The CHAIRMAN. What did we have to do with that?

Mr. MORRISON. He was the agent on the part of the Government in connection with that case.

The CHAIRMAN. He represented the Government, you mean, in the settlement?

Mr. MORRISON. Yes.

The CHAIRMAN. In that controversy?

Mr. MORRISON. Yes.

The CHAIRMAN. Well, did he receive any other money for any other services rendered?

Mr. MORRISON. Not to my knowledge.

The CHAIRMAN. Now, he is a member of the United States and Venezuelan arbitration. Did he receive any money for services as a member of that commission?

Mr. MORRISON. He is not; he is no longer connected with the department. He is now the agent of the Chamizal tract down in Mexico.

The CHAIRMAN. Is he not on the pay roll of the Government now?

Mr. MORRISON. He is paid out of the special appropriation for that purpose.

The CHAIRMAN. He is the agent of the United States on this Chamizal arbitration?

Mr. MORRISON. Yes.

The CHAIRMAN. Why did you not bring that voucher along?

Mr. MORRISON. Well, I had nothing to do with it; they have a special disbursing officer.

The CHAIRMAN. You have not that voucher?

Mr. MORRISON. No.

The CHAIRMAN. Who is the special disbursing officer for the Chamizal arbitration?

Mr. MORRISON. Mr. Wagner.

The CHAIRMAN. What is his first name?

Mr. MORRISON. I think W. J.; I am not sure.

The CHAIRMAN. What position does Mr. Dennis occupy down in the department now?

Mr. MORRISON. He is still connected with that Chamizal Commission.

The CHAIRMAN. Is he not also a regular employee of the State Department?

Mr. MORRISON. No.

The CHAIRMAN. What position did he occupy down there?

Mr. MORRISON. He was the assistant solicitor.

The CHAIRMAN. When did his services terminate as assistant solicitor?

Mr. MORRISON. I think they terminated almost two years ago.

The CHAIRMAN. Has he not been connected with the department since that time in this special capacity?

Mr. MORRISON. No.

The CHAIRMAN. Two years ago, you say?

Mr. MORRISON. I think so; it is over a year I know; perhaps well on into two.

Mr. DAVIS. Is it contrary to the provisions of section 291 for the disbursing officer to state the amount that he has paid to any employee out of that fund?

Mr. MORRISON. If there is a single payment made during any month or quarter, that is all that would appear; but during the quarter, that is, every three months, all payments that are made during the three months are given in total. For instance, if I would pay either of you three gentlemen the payment to each of you during the three months would not appear; that is, the amount would not be stated.

Mr. DAVIS. Take any one of these gentlemen that you have been talking about; if you made a payment to any one of them under section 291 is there any law that prohibits you from stating the amount of the payment to any one of those men?

Mr. MORRISON. Well that is a matter, Mr. Davis, that the Secretary would have to answer.

Mr. DAVIS. For instance, if you paid one of those men \$1,000 or \$2,000 at any time, is there any law that prohibits you from saying that you paid Mr. So-and-so \$2,000, without specifying what the service was, but simply a statement that you, as disbursing clerk, had paid the \$2,000?

Mr. MORRISON. Well, the Secretary of State will have to answer that inquiry.

Mr. DENT. Well, what is the custom?

Mr. MORRISON. We have never been asked before.

Mr. DENT. What has been the custom when you make those individual payments? In other words, as I understand you, you make a settlement with the auditor once every three months?

Mr. MORRISON. Yes.

Mr. DENT. And when you make that settlement do you have a certificate from the Secretary of State by which a considerable amount is allowed to be credited to your account under section 291?

Mr. MORRISON. Yes; that is right.

Mr. DENT. When you make individual payments to Smith and Jones, and before you make that settlement, how do you keep that record? What sort of a record do you keep before you make the settlement?

Mr. MORRISON. We take a voucher from them.

Mr. DENT. From whom? From the men to whom the money is paid?

Mr. MORRISON. Yes.

Mr. DENT. Do you keep that voucher yourself?

Mr. MORRISON. Yes; that voucher is approved by the Secretary of State before the payment is made.

Mr. DAVIS. And you are prohibited from stating the amount of that voucher, are you?

Mr. MORRISON. Well, that is an inquiry I would rather have you submit to the Secretary of State; I do not feel at liberty to answer it.

Mr. DENT. You preserve those vouchers yourself, do you not?

Mr. MORRISON. Yes, sir.

Mr. DENT. Preserve them to show them to the Secretary of State so as to get the total amount for which you are to receive credit by the Auditor of the Treasury?

Mr. MORRISON. That is right.

Mr. DENT. How long do you preserve those individual vouchers, indefinitely?

Mr. MORRISON. Yes; they are never destroyed.

The CHAIRMAN. Do you keep any other record showing the payment of this money?

Mr. MORRISON. Yes; we have a book record.

The CHAIRMAN. And when you get ready to make your settlement with the auditor you make out this certificate under section 291 yourself, do you not?

Mr. MORRISON. Yes.

The CHAIRMAN. And present it to the Secretary for him to sign?

Mr. MORRISON. Yes; that is right.

The CHAIRMAN. Do you furnish him any statement outside of the certificate itself?

Mr. MORRISON. Yes, sir; the certificates go over for approval.

The CHAIRMAN. Do you make those certificates yourself?

Mr. MORRISON. Yes.

The CHAIRMAN. As taken from your books?

Mr. MORRISON. Books and vouchers; yes.

The CHAIRMAN. Do you take the books over there?

Mr. MORRISON. No, sir.

The CHAIRMAN. Do you take the vouchers over?

Mr. MORRISON. The vouchers are always approved in advance.

The CHAIRMAN. Of course; but he keeps no record of the vouchers himself?

Mr. MORRISON. No.

The CHAIRMAN. And you do not take your books to him when you present these certificates for his signature?

Mr. MORRISON. Except when they call for them.

The CHAIRMAN. Unless he calls for them?

Mr. MORRISON. Yes.

The CHAIRMAN. And when you get ready to make your settlement you have paid the money yourself?

Mr. MORRISON. We make the payment; yes.

The CHAIRMAN. And you keep the books?

Mr. MORRISON. Yes.

The CHAIRMAN. And you make out the certificates?

Mr. MORRISON. I do; yes.

The CHAIRMAN. And take them to the Secretary?

Mr. MORRISON. Yes.

The CHAIRMAN. And get him to sign them?

Mr. MORRISON. Yes.

The CHAIRMAN. And the amounts in the certificates go to your credit?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Where is the check on you?

Mr. MORRISON. The voucher itself and the book record are a check on me.

Mr. DAVIS. But nobody can see those vouchers or books. At least, we seem to be prohibited from finding out.

Mr. MORRISON. The Secretary of State sees them; he approves them.

Mr. DAVIS. Does he see the books?

Mr. MORRISON. He sees the vouchers.

Mr. DAVIS. But he keeps no record of them, and he could not carry them in his mind?

Mr. MORRISON. No; he does not do that; I keep the record.

The CHAIRMAN. He would not know that you had paid out the amount of money which you certify in your certificate you have paid, would he?

Mr. MORRISON. Well, if he has any reason to suppose the certificate is not correct he is privileged, of course, to send for the vouchers.

Mr. DAVIS. It would not be possible for you to present to him, on final settlement, a certificate containing a lot of erroneous payments, would it?

Mr. MORRISON. No, sir.

Mr. DAVIS. It would not be possible.

Mr. MORRISON. No, sir, Mr. Davis, it is impossible, and I do not think that ought to be put to me.

Mr. DAVIS. You might make a mistake.

Mr. MORRISON. Well, I have been there for many years and I have not made one yet.

Mr. DAVIS. Well, I myself make mistakes.

Mr. MORRISON. There are none of us free from them, but I am exceedingly careful in matters of this kind; I have yet to make a mistake.

The CHAIRMAN. Is it not a fact that you sometimes make payments out of that emergency fund without taking a voucher?

Mr. MORRISON. Who says so?

The CHAIRMAN. I asked you if that is not true.

Mr. MORRISON. No, sir; it is not true.

The CHAIRMAN. It occurs to me that it appears in the testimony here, as given by ex-Secretary of State Root, now United States Senator Root, that frequently payments are made out of this fund without vouchers.

Mr. MORRISON. I do not know what he said.

The CHAIRMAN. I am asking if that is true, that there are some of these payments made without taking vouchers?

Mr. MORRISON. I have never made one without a voucher.

The CHAIRMAN. You have never made one without a voucher?

Mr. MORRISON. No, sir; and Mr. Root was exceedingly careful about matters of that kind.

The CHAIRMAN. But you sometimes do pay out money on a voucher without having the voucher specify what it is for?

Mr. MORRISON. Sometimes, yes; but it is by direction of the Secretary when it is done. I am subject to his orders; I obey his orders.

The CHAIRMAN. I want to ask you about William T. S. Doyle. Did you bring any voucher along for Doyle?

Mr. MORRISON. No.

The CHAIRMAN. Have you paid out any money to him during the last year?

Mr. MORRISON. He is on our roll also.

The CHAIRMAN. You mean he is now an employee of the department?

Mr. MORRISON. Yes; assistant director of the Latin-American Bureau.

The CHAIRMAN. Is he drawing a salary for anything else?

Mr. MORRISON. No; except as assistant of the Latin-American Bureau.

The CHAIRMAN. Is he drawing a salary for any services on any commission?

Mr. MORRISON. No, sir.

The CHAIRMAN. Or for any other purpose?

Mr. MORRISON. No, sir.

The CHAIRMAN. You have not paid him any money except his stipulated salary during the last year?

Mr. MORRISON. His stipulated salary.

The CHAIRMAN. I will ask you about Mr. Carpenter—W. C. Carpenter.

Mr. MORRISON. Carpenter was connected with Mr. Dennis in this Venezuelan arbitration case which took place at The Hague recently.

The CHAIRMAN. Did you pay him any money?

Mr. MORRISON. We paid him money under section 291.

The CHAIRMAN. Had Carpenter been connected with the State Department?

Mr. MORRISON. Not directly.

The CHAIRMAN. He had never been in the regular employ of the State Department?

Mr. MORRISON. Only temporarily.

The CHAIRMAN. When? Was he connected with the department at the time he was on this Venezuelan arbitration?

Mr. MORRISON. It was prior to this.

The CHAIRMAN. Prior to it?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Is he in the employ of the department now?

Mr. MORRISON. No, sir.

The CHAIRMAN. How about James B. McCreary? Have you paid him any money during the last year?

Mr. MORRISON. Well, if you will permit me, I will give you a list of those that appear in this subpoena.

The CHAIRMAN. To whom you did not pay money?

Mr. MORRISON. McCreary, Slayden, Landis, McNeely, and H. G. Davis.

The CHAIRMAN. You paid no money to them during the last year?

Mr. MORRISON. No, sir.

The CHAIRMAN. Have you paid any money to John Ball Osborne outside of his salary?

Mr. MORRISON. He was paid under section 291.

The CHAIRMAN. What for?

Mr. MORRISON. Well, for some special service, his expenses.

The CHAIRMAN. Expenses for what?

Mr. MORRISON. I do not know what his duties were in connection with.

The CHAIRMAN. You said expenses; what expenses did he have?

Mr. MORRISON. Traveling expenses.

The CHAIRMAN. Where did he go?

Mr. MORRISON. He went abroad, under direction from the Secretary of State; I do not know what his duties were; it was none of my business to know.

The CHAIRMAN. Is it not the practice down there in the department to supplement salaries by taking advantage of this emergency fund, under section 291, on some pretense or another?

Mr. MORRISON. No.

The CHAIRMAN. You swear that is not true?

Mr. MORRISON. Yes; I will take oath to that.

The CHAIRMAN. Is it not a fact that John Ball Osborne has been sent abroad more than once and paid out of this emergency fund because the department thought he was not getting salary enough under the law?

Mr. MORRISON. Positively no.

The CHAIRMAN. How do you know that is not true?

Mr. MORRISON. Well, I say so because I have reason to believe what I say is true.

The CHAIRMAN. Have you not heard that very thing discussed down there?

Mr. MORRISON. I have not.

The CHAIRMAN. By no one?

Mr. MORRISON. I have not, Mr. Hamlin. Furthermore, I do not believe it.

The CHAIRMAN. You do not believe it?

Mr. MORRISON. I do not believe the Secretary of State would do such a thing.

The CHAIRMAN. You do not believe, then, that salaries have been supplemented by giving them side positions and paying them out of this secret fund?

Mr. MORRISON. No, sir; I am willing to make oath to that statement.

Mr. DENT. How long have you been disbursing clerk? I have forgotten.

Mr. MORRISON. I have been there about 10 years.

Mr. DENT. Has there ever been any surplus left over in any year since you have been disbursing clerk; that is, any surplus of this fund that is payable under section 291?

Mr. MORRISON. Oh, yes.

Mr. DENT. Was there any last year?

Mr. MORRISON. The year just closed?

Mr. DENT. Yes.

Mr. MORRISON. There is a balance of that left.

Mr. DENT. About how much?

Mr. MORRISON. Probably about \$9,000.

Mr. DENT. About \$9,000?

Mr. MORRISON. I think so.

Mr. DENT. How about the year before?

Mr. MORRISON. I can not recall what the balance was.

Mr. DENT. What was the appropriation last year?

Mr. MORRISON. \$90,000.

Mr. DENT. And you have about \$9,000 unexpended?

Mr. MORRISON. There is about that much left now; yes.

Mr. DENT. About that much money unexpended on the 30th of June?

Mr. MORRISON. You mean this past 30th of June?

Mr. DENT. Yes; the end of the fiscal year.

Mr. MORRISON. Yes.

Mr. DENT. And you do not remember what the amount was that was left over the year before?

Mr. MORRISON. No; I do not.

Mr. DENT. Approximately?

Mr. MORRISON. I do not.

Mr. DENT. As a rule, though, that fund was practically exhausted each year, was it not, since your administration?

Mr. MORRISON. No; there has been something covered back into the Treasury.

Mr. DENT. Each year?

Mr. MORRISON. Yes, sir.

Mr. DENT. Did you ever have a sum as large as \$9,000 covered back into the Treasury before this last year?

Mr. MORRISON. I think so.

Mr. DENT. What is the largest sum you ever remember being covered back into the Treasury?

Mr. MORRISON. I think we covered back as much as \$15,000, \$20,000, and \$25,000, and perhaps \$30,000.

The CHAIRMAN. Mr. Morrison, are all of these special employees paid out of the secret fund under section 291?

Mr. MORRISON. Can you tell me any particular one?

The CHAIRMAN. Well, I have named a number of people that were out of that fund.

Mr. MORRISON. Well, these names that you have called out here are paid out of section 291.

The CHAIRMAN. Do you know of anybody specially employed by the department—

Mr. MORRISON (interposing). At this time?

The CHAIRMAN. At any time in the recent past, that was not paid under section 291?

Mr. MORRISON. No, sir; I do not.

The CHAIRMAN. No matter for what purposes they are employed they are paid out of this emergency fund, are they?

Mr. MORRISON. Well, you have the names of all those that have been paid under section 291.

The CHAIRMAN. I say, do you know of anybody that was specially employed by the department last year that was not paid out of this secret fund?

Mr. MORRISON. No.

The CHAIRMAN. All that you know of that were specially employed by the department last year were paid out of this secret fund and under section 291, is that right?

Mr. MORRISON. They were paid under section 291, yes.

The CHAIRMAN. All paid under section 291?

Mr. MORRISON. You have the names of them there, have you not?

The CHAIRMAN. I am asking you whether you know of anybody else?

Mr. MORRISON. No.

The CHAIRMAN. That was not paid under section 291?

Mr. MORRISON. No.

The CHAIRMAN. You were also commanded to bring with you and produce before the committee all vouchers, for whatever purpose, signed by John W. Foster or Robert Lansing and paid by you since July 1, 1900, to the present time. Now, you have brought those which I read into the record awhile ago?

Mr. MORRISON. Yes; I have brought those.

The CHAIRMAN. But no others?

Mr. MORRISON. No, sir.

The CHAIRMAN. Have you shown all the money paid to Foster or Lansing in settlement of this Amidon matter, that was paid out of the Boxer fund?

Mr. MORRISON. I am not prepared to answer that question; there may have been more, but to-day I made it my business to get this much.

The CHAIRMAN. The subpoena asked for all money paid to them for all purposes whatsoever since 1900; why did you not get that?

Mr. MORRISON. Because I do not know that we paid any more; I assume now that I have given you all payments to them; if there are any more I will have to go back and search my records.

The CHAIRMAN. The chief clerk simply told you to make certified copies of these particular payments which you have brought to the committee; is that right?

Mr. MORRISON. I was instructed to make certified copies of these vouchers.

The CHAIRMAN. And they did not tell you to make certified copies of any other payments that you made to Foster?

Mr. MORRISON. Well, we did not know that other payments were required by you.

The CHAIRMAN. Could you not read the subpoena?

Mr. MORRISON. Well, yes.

The CHAIRMAN. It is in the subpoena; is it not?

Mr. MORRISON. I am not sure now that we have made further payments to Mr. Foster.

The CHAIRMAN. But you never looked to see, did you?

Mr. MORRISON. I say I will make a search if you wish me to do so to see whether there were any other payments made to him.

The CHAIRMAN. Did not the subpoena call for any other payments?

Mr. MORRISON. I do not recall that; I thought these were the particular payments you asked for.

The CHAIRMAN. I asked for any payments out of the Boxer fund. What made you think I wanted these particular payments?

Mr. MORRISON. Well, I had the idea they were the vouchers you were seeking.

The CHAIRMAN. You just supposed that?

Mr. MORRISON. Yes.

The CHAIRMAN. Did Mr. McNeir tell you to make these?

Mr. MORRISON. I assume he must; I say to you now that I will make another search for other payments made, if there were any, and let you know.

The CHAIRMAN. Have you a copy of this subpoena?

Mr. MORRISON. Yes.

The CHAIRMAN. You have it, have you?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. I will ask you to retain that and follow the instructions in that subpoena and report here to-morrow at 3 o'clock.

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You say you did not pay any money to McNeely?

Mr. MORRISON. No. I have given you the names here.

The CHAIRMAN. Is McNeely in the employ of your department, Mr. Morrison?

Mr. MORRISON. No, I do not know him, but I understand he is a lieutenant in the Navy.

The CHAIRMAN. You do not know the man?

Mr. MORRISON. I never saw him.

The CHAIRMAN. And do not know anything about where he is now?

Mr. MORRISON. I do not.

The CHAIRMAN. Did you pay any money to him during this last year?

Mr. MORRISON. No, sir; nor to the other four that I have mentioned.

The CHAIRMAN. Have you seen Mr. McNeir, the chief clerk, to-day?

Mr. MORRISON. No, sir.

The CHAIRMAN. Did you see him yesterday?

Mr. MORRISON. No; he is sick—very sick.

The CHAIRMAN. I thought you stated that this morning he phoned you to make out these certified copies?

Mr. MORRISON. No; I said the chief clerk, but we have an acting chief clerk there, Mr. Barnes.

The CHAIRMAN. It was not Mr. McNeir?

Mr. MORRISON. No; he is sick.

(Thereupon the subcommittee adjourned to meet Friday, July 7, 1911, at 3 o'clock p. m.)

No. 11

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JULY 8 AND AUGUST 7, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE

1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, Missouri, *Chairman.*

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk.*

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman.*

S. H. DENT, JR.

CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE STATE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Saturday, July 8, 1911.

The subcommittee met at 3 o'clock p. m., Hon. Courtney W. Hamlin (chairman) presiding.

There were also present Messrs. Dent and Davis.

TESTIMONY OF MR. THOMAS MORRISON—Continued.

The CHAIRMAN. Mr. Morrison, did you bring up the vouchers we called for in relation to payments to John W. Foster and Robert Lansing during the last several years?

Mr. MORRISON. Yes, sir [handing papers to the chairman].

The CHAIRMAN. Mr. Morrison, you have furnished the committee with a copy of a letter dated January 26, 1909, addressed to Robert Lansing, Esq., and signed by Elihu Root, which letter is as follows:

DEPARTMENT OF STATE,
Washington, January 26, 1909.

ROBERT LANSING, Esq.,
1323 Eighteenth Street, Washington, D. C.

SIR: I have the pleasure to inform you that you have been selected to act as solicitor of the United States agency before the tribunal of arbitration to meet in pursuance of the provisions of the treaty of arbitration between the United States and Great Britain signed at Washington on the 4th day of April, 1909, and of the special agreement made thereunder for the arbitration of questions relating to fisheries on the north Atlantic coast.

This appointment is in confirmation of the informal designation made nearly a year ago, under which you have since been engaged in work connected with the preparation of the case of the United States.

Your compensation will be hereafter determined by the Government, and your expenses, suited to your position, while engaged in your duties, will be paid by the Government. I am, sir,

Your obedient servant,

ELIHU ROOT.

You also present a paper marked "Copy," which purports to be a voucher for personal services. Appropriation: Northeastern fisheries arbitration at The Hague, the United States to Robert Lansing, Dr., for the sum of \$5,000, purporting to be paid April 13, 1910, and approved by "Chandler Hale, Third Assistant Secretary of State." I will ask you to state if that is a correct copy of the voucher on file in your office.

Mr. MORRISON. Those are copies of vouchers on file in the office of the auditor.

The CHAIRMAN. Are these what you call memorandum vouchers that you retain in your office after you have filed the originals with the auditor?

Mr. MORRISON. We have a book record of those payments, but the originals are on file in the auditor's office.

The CHAIRMAN. Do you have only one voucher?

Mr. MORRISON. That is all we usually take. We have a book record of all papers.

The CHAIRMAN. You do not take a duplicate or a memorandum voucher?

Mr. MORRISON. No; we have a complete record of every payment in our record books.

The CHAIRMAN. Then these are copies which you have made yourself?

Mr. MORRISON. They were made in the office of the auditor yesterday.

The CHAIRMAN. Why were they not certified under the statute like the other copies which you brought here?

Mr. MORRISON. Well, we assumed that would answer your purpose; that can be done if you wish it. They were taken from the files of the auditor's office.

The CHAIRMAN. Do you know that these are correct copies?

Mr. MORRISON. I do; yes, sir.

The CHAIRMAN. Did you compare them yourself?

Mr. MORRISON. They were compared yesterday.

The CHAIRMAN. Do you swear they are correct copies?

Mr. MORRISON. I did not compare them, but they were compared by the clerk who made the statement to me.

The CHAIRMAN. Now, I will ask you to look at this first paper which I have just described in the record, and I will ask you whether you paid to Robert Lansing the amount specified on this paper, to wit, \$5,000, for his services in connection with the northeastern fisheries arbitration at The Hague?

Mr. MORRISON. That voucher shows that I made the payment.

The CHAIRMAN. You made that payment to him for that amount of money, did you?

Mr. MORRISON. Yes, sir; the voucher shows that.

The CHAIRMAN. Does your name appear anywhere on the voucher?

Mr. MORRISON. No; I have nothing to do with it but to pay it.

The CHAIRMAN. The voucher does not show that you paid it, does it?

Mr. MORRISON. The voucher shows that the payment was made.

The CHAIRMAN. I understand that, but not by you?

Mr. MORRISON. Yes, sir; there is my check number [indicating on voucher].

The CHAIRMAN. That is your check number, is it?

Mr. MORRISON. Yes.

The CHAIRMAN. And you made that payment?

Mr. MORRISON. Yes.

The CHAIRMAN. Is that voucher approved by the Secretary of State?

Mr. MORRISON. It is approved by this officer.

The CHAIRMAN. What officer is that?

Mr. MORRISON. The Third Assistant Secretary of State.

The CHAIRMAN. What is his name?

Mr. MORRISON. Chandler Hale.

The CHAIRMAN. Did he approve that voucher as Acting Secretary?

Mr. MORRISON. No, sir; just as you see it here.

The CHAIRMAN. Do you pay vouchers that are approved by anybody other than the Secretary of State himself or some one acting as Secretary of State?

Mr. MORRISON. He is the officer who has been assigned to that duty.

The CHAIRMAN. To what duty?

Mr. MORRISON. The signing of vouchers of that nature.

The CHAIRMAN. Who assigned him to that duty?

Mr. MORRISON. The Secretary of State has that authority.

The CHAIRMAN. Do you know that he was so assigned?

Mr. MORRISON. I do.

The CHAIRMAN. Is there a record of that assignment in your office?

Mr. MORRISON. I assume there is.

The CHAIRMAN. You just assume there is; you never saw it, did you?

Mr. MORRISON. No; I never saw it; I never asked to see it, but I was told——

The CHAIRMAN (interposing). At the time this voucher for \$5,000 was presented to you did you make any inquiry as to whether Chandler Hale had authority to approve this particular voucher?

Mr. MORRISON. I paid the voucher on Mr. Hale's approval and that is all the authority I wanted.

The CHAIRMAN. That is all the authority you wanted?

Mr. MORRISON. Yes, sir. I was instructed to pay it on that authority.

The CHAIRMAN. By whom were you so instructed?

Mr. MORRISON. The Third Assistant Secretary.

The CHAIRMAN. The Third Assistant Secretary, Chandler Hale?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Who is Mr. Hale?

Mr. MORRISON. He is the Third Assistant Secretary of State.

The CHAIRMAN. Is he the son of ex-United States Senator Hale, of Maine?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. So you paid it on his indorsement without knowing whether he had any authority to indorse it or not, did you?

Mr. MORRISON. I paid it by his direction, and he certainly had the authority or he never would have ordered it paid.

The CHAIRMAN. You just assume that, do you not?

Mr. MORRISON. No; I do not assume it; I know that he is the proper officer to sign such a voucher.

The CHAIRMAN. Well, how do you know it?

Mr. MORRISON. Because I was instructed to that effect.

The CHAIRMAN. By whom?

Mr. MORRISON. By Mr. Hale, himself, and he takes his orders from the Secretary of State.

(The voucher referred to is as follows:)

DEPARTMENT OF STATE.

VOUCHER FOR PERSONAL SERVICES.

Appropriation "Northeastern fisheries arbitration at The Hague."

The United States to Robert Lansing, Department of State. Dr

	Dollars.	Cents.
For services rendered as counsel of the United States in the North Atlantic fisheries arbitration from date of appointment to Mar. 31, 1910.....	5,000	00
Remarks.....		
.....		
.....		
Amount claimed.....	5,000	00

(Certification and bill to be completely filled in by payee, or before signature by payee, without alteration or erasure at any time.)

¹ I certify that the above bill is correct and just, and that the payment therefor has not been received.

ROBERT LANSING,
Counsel of the United States.

\$5,000.00.

I certify that the foregoing account is correct; that it appears from the records of my office that the person named thereon was legally appointed, and that he has performed the service required by law and the regulations of the Department of State during the period mentioned; that such service, except as otherwise indicated, has been performed under my supervision, and that the person whose name appears in the foregoing voucher is not paid for any period of absence in excess of that allowed by law; and that he is entitled to the amount of pay stated above; that any detail is indicated under "Remarks."

Account submitted for..... \$5,000.00
Differences as follows:.....
.....
.....

Approved for..... 5,000.00

CHANDLER P. ANDERSON,
Agent of the United States.

Approved.

CHANDLER HALE,
Third Assistant Secretary of State.

Paid by check No. 257837, dated April 13, 1910, on the Treasurer of the United States at Washington, D. C., in favor of Robert Lansing for \$5,000.00.

(Indorsed:) Voucher No. 125, Department of State. Appropriation: "Northeastern fisheries arbitration at The Hague." Amount, \$5,000.00. In favor of Robert Lansing, for personal services. Accounts of Thomas Morrison, chief Bureau of Accounts, and disbursing clerk, Washington, D. C.

The CHAIRMAN. Now you present another paper that purports to be a copy of a voucher on the same fund, payable to Robert Lansing, the amount being \$220.20, to cover traveling expenses, subsistence, and so forth. That voucher seems to have been approved

¹ Vouchers for personal service rendered under the personal supervision of some administrative officer and so certified by him need not be certified by the payee, provided the voucher describes specifically the position, the rate of compensation, and the period covered.

by Chandler Hale, Third Assistant Secretary, and you paid that under the same circumstances, did you?

Mr. MORRISON. Yes.

The CHAIRMAN. And under the same conditions?

Mr. MORRISON. Yes.

(Said voucher is as follows:)

IN ACCOUNT WITH ROBERT LANSING.

1909.		
Oct. 17.	Expenses, Watertown, N. Y., to Washington, D. C.....	\$35. 20
Dec. 18.	Expenses, Washington, D. C., to Watertown, N. Y.....	35. 45
1910.		
Jan. 18.	Expenses, Watertown, N. Y., to Washington, D. C.....	37. 05
Feb. 8.	Expenses, Washington, D. C., to Watertown, N. Y.....	35. 60
Mar. 28.	Expenses, Watertown, N. Y., to Washington, D. C.....	34. 65
Mar. 28-Apr. 1.	Hotel expenses at Washington, D. C.....	42. 25
	Total.....	220. 20

DEPARTMENT OF STATE.

VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL.

Appropriation for northeastern fisheries arbitration at The Hague.

The United States to Robert Lansing, Dr., Washington, D. C.

Date of delivery or service, 1910.	Items.	Unit price.			Amount.	
		Dollars.	Cents.	Per—	Dollars.	Cents.
Apr. 25	To amount of traveling expenses, subsistence, etc., on trips from Watertown, N. Y., to Washington, D. C., and return, between Oct. 17, 1909, and Apr. 6, 1910, in matters pertaining to the North Atlantic coast fisheries.....				220	20
	Total.....				220	20

(Certification and bill to be completely filled in by payee, or before signature by payee, without alteration or erasure at any time.)

I certify that the above bill is correct and just, and that payment therefor has not been received.

ROBERT LANSING.

\$220.20.

Not to be signed in duplicate.*

(Any notations made in spaces provided on the back of this voucher becomes a part of this certificate.)

I certify that the foregoing account is correct; that the prices charged are just and reasonable, and in accordance with the agreement; and that they were secured in accordance with sections † ----- and ‡ ----- of the methods stated on the reverse hereof.

CHANDLER P. ANDERSON,
Agent of the United States

* Where a voucher is certified in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. Example: "Chicago Edison Company, per John Smith, Member of Firm," or Secretary, or Treasurer, as the case may be.

† Fill in from 1 to 4, as appropriate.

‡ Fill in from A to C, as appropriate.

I certify that the above articles have been received by me in good condition, or the service performed as stated; and that they were necessary for the public service.

CHANDLER P ANDERSON,
Agent of the United States.

Account submitted for \$220.20.
Approved for \$220.20.

CHANDER HALE,
Third Assistant Secretary.

Paid by check No. 137793, dated May 3, 1910, on the Treasurer of the United States, Washington, D. C., in favor of Robert Lansing, for \$220.20.

(Indorsed:) Voucher No. 132. Department of State. Appropriation: "Northeastern fisheries arbitration at The Hague." Amount, \$220.20. In favor of Robert Lansing, for purchases and services other than personal. Accounts of Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk, Washington, D. C.

The CHAIRMAN. You also present another voucher on the same fund payable to the same party, Robert Lansing, for traveling expenses, the amount being \$196.90. That seems to be signed by Chandler Hale, Acting Secretary of State. Now, if he had authority to sign these other vouchers as Third Assistant Secretary, why did he not sign this one in the same way?

Mr. MORRISON. It so happened that the Secretary of State and the First Assistant Secretary of State were absent, and he was then authorized to sign as Acting Secretary of State.

The CHAIRMAN. Where was the Second Assistant Secretary of State?

Mr. MORRISON. I do not know where he was, but Mr. Hale was acting on that occasion or otherwise he would not have signed it as such.

The CHAIRMAN. Then you pay any vouchers that are signed by any of the secretaries, either the First, Second, or Third Assistant Secretary; is that the idea?

Mr. MORRISON. When they come to me properly approved and signed by them, yes, sir; I am there for that purpose.

The CHAIRMAN. Properly approved by whom?

Mr. MORRISON. The Secretary or either of the assistants who are authorized to approve these vouchers.

The CHAIRMAN. And you take their word as to whether they are authorized to do it or not, do you?

Mr. MORRISON. I take their approval.

The CHAIRMAN. Now, out of what fund was this money paid?

Mr. MORRISON. I do not recall, Mr. Chairman.

The CHAIRMAN. Was it paid out of the fund that is specified here?

Mr. MORRISON. I think the title of the appropriation is in the voucher.

The CHAIRMAN. The Northeastern Fisheries Arbitration at The Hague. It was paid out of that fund, was it?

Mr. MORRISON. Yes.

The CHAIRMAN. Is that all of the money that you have paid to Robert Lansing in the last 10 years for any services rendered by him?

Mr. MORRISON. Well, other payments have been made to him.

The CHAIRMAN. Why did you not bring statements of those payments?

Mr. MORRISON. For the same reason as stated in the Secretary's letter to me, that they were made under section 291.

The CHAIRMAN. Did you bring any statement as to any money paid to John W. Foster?

Mr. MORRISON. No; for the same reason.

The CHAIRMAN. During the last several years?

Mr. MORRISON. I did not; for the same reason that they were also paid under section 291.

The CHAIRMAN. All of them?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Did you look up the records yourself to see whether that is true?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. When did you examine the records?

Mr. MORRISON. And I have no right to make any other statement about that.

The CHAIRMAN. Well, we will determine what your rights are.

Mr. MORRISON. Well, but I do not want my rights questioned, because I tell you the truth.

The CHAIRMAN. We have a right to question you in relation to the matter if we desire to do so.

Mr. MORRISON. That is very true.

The CHAIRMAN. When did you examine these records to see?

Mr. MORRISON. Yesterday.

The CHAIRMAN. During what years was it that you paid money to Mr. Foster?

Mr. MORRISON. I do not recall the years, but the payments were made.

The CHAIRMAN. Well, was it last year?

Mr. MORRISON. They were payments at different times between 1900 and up to the date of the last payment.

The CHAIRMAN. Did you pay him any money in 1900?

Mr. MORRISON. I can not recall that I did; I did not make any record of the dates of payments, but I have made payments to him between that time and, probably, within six months ago.

The CHAIRMAN. Do you know about the amount of money you have paid him since 1900?

Mr. MORRISON. No; I do not know.

The CHAIRMAN. You did not even look that up?

Mr. MORRISON. I did not. The vouchers were found and submitted.

The CHAIRMAN. You can not recall the dates that you paid him any money at all?

Mr. MORRISON. No; I can not.

The CHAIRMAN. And all the money you paid him was paid under section 291 of the Revised Statutes?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Do you remember the total amount you paid him under section 291?

Mr. MORRISON. No; I do not.

The CHAIRMAN. Did you make a memorandum of that when you looked it up?

Mr. MORRISON. No.

The CHAIRMAN. Did you make any memorandum in relation to the matter at all?

Mr. MORRISON. No, sir.

The CHAIRMAN. None at all?

Mr. MORRISON. No.

The CHAIRMAN. Mr. Morrison, do you know of any bonding fees having been paid out of this emergency or secret fund since you have been disbursing officer?

Mr. MORRISON. Do you mean for my bond?

The CHAIRMAN. I did not ask especially about your bond, but for any bond?

Mr. MORRISON. No, sir; I pay my own premium.

The CHAIRMAN. Do you know of any payments being made for any bonding fees out of this fund?

Mr. MORRISON. I do not.

The CHAIRMAN. Paid out of the emergency fund, I mean?

Mr. MORRISON. No, sir; I do not, Mr. Chairman.

The CHAIRMAN. Does anyone else down there pay any money out of that fund except yourself?

Mr. MORRISON. No, sir.

The CHAIRMAN. Do any of the special disbursing officers have any right to pay anything out of that secret fund?

Mr. MORRISON. No, sir; no right whatever.

The CHAIRMAN. Do you know a man down there by the name of James H. Tibbetts?

Mr. MORRISON. Yes.

The CHAIRMAN. Was he a special disbursing officer at any time?

Mr. MORRISON. He was a special disbursing officer for Admiral Walker many years ago.

The CHAIRMAN. What was Admiral Walker doing that he needed a special disbursing officer?

Mr. MORRISON. That was the time he was interested in the Nicaraguan canal route, which was afterwards changed, you know, to Panama.

The CHAIRMAN. Do you know whether the fee for Tibbetts's bond was paid out of the secret fund or not?

Mr. MORRISON. It certainly was not paid out of the emergency fund; they had an appropriation of their own.

The CHAIRMAN. Well, I am asking you if you know whether it was paid out of that fund and under section 291?

Mr. MORRISON. No. I was not the disbursing clerk at that time.

The CHAIRMAN. That was before you came in?

Mr. MORRISON. Yes; long before.

The CHAIRMAN. You do not know, then, of any of these fees being paid out of the emergency fund at all?

Mr. MORRISON. No; I do not, Mr. Hamlin; because nothing of that kind has been paid since I have been there.

The CHAIRMAN. Mr. Morrison, I call your attention to this copy, or purported copy, of the voucher which you paid on October 25, 1909, amounting to \$196.90, the money being paid to Robert Lansing; the words "And is approved without vouchers" appear on that voucher. What do those words mean?

Mr. MORRISON. Well, it came to me in that way and I was directed to pass it, and did so.

The CHAIRMAN. Well, what does this mean? What is the force of that statement, "And is approved without vouchers"? What do you understand that to mean?

Mr. MORRISON. Well, he was not expected, I presume, to furnish any vouchers in support of that.

The CHAIRMAN. You mean an itemized statement in relation to these traveling expenses?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. You say you were instructed to pay it without these vouchers?

Mr. MORRISON. Yes.

The CHAIRMAN. Was that out of the ordinary course?

Mr. MORRISON. No. It was not usually the case, however. (Said voucher is as follows:)

In account with Robert Lansing.

1909.		
Apr. 30.	Transportation and expenses, Washington to Watertown, N. Y.	\$36. 15
Sept. 25.	Transportation and expenses, Watertown to Washington (Sept. 4-5 and return Sept. 24-25)	56. 40
Sept. 3-8.	Telegrams	. 75
Sept. 10.	Express on maps and papers, Watertown to Washington	3. 10
Sept. 15.	Paid hotel bill, Willards, Washington, from Sept. 5-15	100. 50
		196. 90

DEPARTMENT OF STATE.

VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL.

Appropriation for northeastern fisheries arbitration at The Hague.

The United States to Robert Lansing, Dr., Watertown, N. Y.

Date of delivery or service, 1909.	Items.	Unit price.			Amount.	
		Dollars.	Cents.	Per—	Dollars.	Cents.
Oct. 20	To traveling expenses from Apr. 30 to Sept. 15, 1909, as per statement annexed.....				196	90
	Total.....				196	90

(Certification and bill to be completely filled in by payee, or before signature by payee, without alteration or erasure at any time.)

I certify that the above bill is correct and just and that payment therefor has not been received.

ROBERT LANSING.

\$196.90

(* Not to be signed in duplicate.)

(Any notations made in spaces provided on the back of this voucher become a part of this certificate.)

I certify that the foregoing account is correct; that the prices charged are just and reasonable and in accordance with the agreement; and that they were secured in accordance with sections † _____ and ‡ _____ of the methods stated on the reverse hereof, and is approved without vouchers.

CHANDLER P. ANDERSON,
Agent of the United States.

* Where a voucher is certified in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. Example: "Chicago Edison Company, per John Smith, member of firm," or secretary, or treasurer, as the case may be.

† Fill in from 1 to 4, as appropriate.

‡ Fill in from A to C, as appropriate.

I certify that the above articles have been received by me in good condition, or the service performed as stated, and that they were necessary for the public service.

CHANDLER P. ANDERSON,
Agent of the United States.

Account submitted for \$196.90.
Approved for \$196.90.

CHANDLER HALE,
Acting Secretary of State.

Paid by check No. 136921, dated October 25, 1909, on the Treasurer of the United States at Washington, D. C., in favor of Robert Lansing, for \$196.90.

(Indorsed: Voucher No. 70. Department of State. Appropriation: North-eastern fisheries arbitration at The Hague. Amount, \$196.90. In favor of Robert Lansing. For purchases and services other than personal. Accounts of Thomas Morrison, Chief Bureau of Accounts and disbursing clerk, Washington, D. C.)

The CHAIRMAN. They usually furnish receipts, do they?

Mr. MORRISON. Yes; but in this case it came down in this way, and I was told to pass it.

The CHAIRMAN. You did not question it at all when it came to you?

Mr. MORRISON. No; I had no authority to do it.

The CHAIRMAN. I notice in these other copies which you have furnished that there is no statement of this kind. Here is one: "To amount of traveling expenses, subsistence, and so forth." Have you any means of knowing whether he furnished vouchers for those expenses?

Mr. MORRISON. No, sir.

The CHAIRMAN. You know nothing about that at all?

Mr. MORRISON. No, sir; these are all passed by the office of the auditor, and these are copies from his files.

The CHAIRMAN. Have you any other vouchers there?

Mr. MORRISON. Nothing at all, Mr. Chairman.

The CHAIRMAN. You have brought up copies of all vouchers called for in the subpoena except vouchers for moneys paid by you under section 291?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. That is correct, is it?

Mr. MORRISON. Yes, sir; that is correct.

The CHAIRMAN. Who is your assistant?

Mr. MORRISON. Mr. Fitzsimmons.

The CHAIRMAN. What are his duties?

Mr. MORRISON. Well, he assists me in the general work of the bureau, the examination of all bills, the preparation of all bills for payment against all the appropriations under our control, keeps a record of the trust funds, and he makes out the certificates in payment of all claims against trust funds, and the miscellaneous work of the bureau.

The CHAIRMAN. Does he act as disbursing officer when you are absent?

Mr. MORRISON. Sometimes.

The CHAIRMAN. Well, how is he carried on the rolls of the department—as Assistant Chief of the Bureau of Accounts?

Mr. MORRISON. Yes; he is carried on the register as assistant chief.

The CHAIRMAN. Does he perform any other services outside of your bureau?

Mr. MORRISON. Not to my knowledge. If he does I do not know it.

The CHAIRMAN. I mean, is he designated to do any other work?

Mr. MORRISON. Oh, yes; he is. He is the representative of the Department of State on this general supply committee.

The CHAIRMAN. What is the general supply committee?

Mr. MORRISON. This committee that has charge of all the purchasing for the executive departments.

The CHAIRMAN. How is that committee made up?

Mr. MORRISON. Well, each department, I believe, has a representative.

The CHAIRMAN. Each department has one representative?

Mr. MORRISON. Yes.

The CHAIRMAN. And Mr. Fitzsimmons is the representative of the State Department?

Mr. MORRISON. Yes.

The CHAIRMAN. Do you know of his being assigned to any other duties than that?

Mr. MORRISON. No; I do not.

The CHAIRMAN. I believe you stated that you had about six employees in your department?

Mr. MORRISON. There are six or eight; yes, sir.

The CHAIRMAN. Are any of them assigned to any work outside of the department?

Mr. MORRISON. No, sir; not one of them.

The CHAIRMAN. You spoke of Mr. Fitzsimmons keeping the records of trust funds. Is the trust money that comes into the hands of the department reported to your bureau and a record of it kept there?

Mr. MORRISON. Yes; that is right.

The CHAIRMAN. How about this Boxer indemnity fund? Is that reported to your bureau as it is received?

Mr. MORRISON. Yes; but it is covered into the Treasury at once.

The CHAIRMAN. But it is reported to your bureau?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. How often are those payments made?

Mr. MORRISON. We do not get any now; that has been stopped—the Treasury Department handles that now; we do not.

The CHAIRMAN. Made direct to the Treasury?

Mr. MORRISON. Yes.

The CHAIRMAN. When did the State Department receive the last payment?

Mr. MORRISON. Oh, several years ago.

The CHAIRMAN. How long ago?

Mr. MORRISON. Possibly three or four years ago.

The CHAIRMAN. Do you recall how many payments were made to the State Department?

Mr. MORRISON. I do not.

The CHAIRMAN. Quite a few?

Mr. MORRISON. Yes; quite a number.

The CHAIRMAN. How often are those payments made?

Mr. MORRISON. Well, I do not know how often they are made now.

The CHAIRMAN. Well, when they were made to the State Department and when you handled them?

Mr. MORRISON. I think we received remittances possibly twice or three times a year, maybe oftener, I have forgotten; perhaps they came in quarterly; I do not recall just now.

The CHAIRMAN. When you were handling these payments and they reported to you, what did you do immediately? Did you report them to the Treasury?

Mr. MORRISON. Oh, yes. They would come in the form of checks, and we would send the checks over to the Treasury Department for collection and deposit to that particular indemnity fund.

The CHAIRMAN. The check would come to the Secretary of State, would it?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And then passed over to you?

Mr. MORRISON. Yes.

The CHAIRMAN. And you would make a record of them in your office?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And you would pass the check over to the Treasury Department?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And collect through the Treasury Department?

Mr. MORRISON. Yes, sir. All collections are made through the Treasury Department and not through us.

The CHAIRMAN. But there were quite a number of payments made in that way and which passed through your office?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. But none of them have passed through there in the last three or four years?

Mr. MORRISON. I think it is three or four years ago since they ceased coming to us.

Mr. DAVIS. Do you know why they were changed from your department to the Treasury Department?

Mr. MORRISON. Well, I am not able to state why, but it was an arrangement had with the Chinese Government. You may recall, perhaps, that our Government has or will return a large part of that fund to the Chinese Government.

Mr. DAVIS. Did Mr. Fitzsimmons have anything to do with that?

Mr. MORRISON. No; he had nothing to do with it; that is a diplomatic matter.

Mr. DAVIS. What salary does Mr. Fitzsimmons receive?

Mr. MORRISON. \$1,800. That is a matter that is disposed of by the Department of State; I have nothing to do with that.

Mr. DAVIS. I understand that. Mr. Fitzsimmons, however, is still receiving the same salary, is he not?

Mr. MORRISON. Yes.

Mr. DAVIS. Does he receive any salary for services rendered on this supply committee?

Mr. MORRISON. No; there is no additional pay for that at all; I think there ought to be, though.

Mr. DAVIS. His duties on that committee are to purchase, I suppose, supplies—contract for and purchase supplies?

Mr. MORRISON. Yes; and to draw up contracts, you know.

Mr. DAVIS. The purchasing of supplies for the State Department?

Mr. MORRISON. For all of the departments.

Mr. DAVIS. All the departments?

Mr. MORRISON. They are all interested in it.

Mr. DAVIS. He is not limited to his department?

Mr. MORRISON. Yes; he is limited to our department, but they take the matter up between them, discuss the whole thing, and then make the awards.

Mr. DAVIS. But Mr. Fitzsimmons determines what is necessary in the State Department?

Mr. MORRISON. Oh, yes; that is his duty.

Mr. DAVIS. The character, quality, and nature of the things required there?

Mr. MORRISON. Yes, sir; that is right.

Mr. DAVIS. He has been doing that for some years, has he?

Mr. MORRISON. Yes.

Mr. DAVIS. And still at it?

Mr. MORRISON. Yes.

Mr. DAVIS. Is he the only one from your department connected with the supply committee?

Mr. MORRISON. Yes, sir.

Mr. DENT. Can you tell us by what authority this change was made—the payment of this Boxer fund to the Treasury Department instead of the State Department?

Mr. MORRISON. Well, that authority is on file in the State Department; I can not recall it, because I had nothing to do with it.

Mr. DENT. I am asking you whether you can give us that information?

Mr. MORRISON. The department can give it to you.

Mr. DENT. Well, you can not?

Mr. MORRISON. No; I can not, because I have not got it.

Mr. DENT. You do not know what the authority was?

Mr. MORRISON. No; I can not recall it. It is on file there and can be given to you, no doubt.

Mr. DENT. I simply wanted to know whether you could give us the information.

Mr. MORRISON. No; I have not got it; I wish I had it.

Mr. DENT. Payments were made to you and then all of a sudden a change was made whereby the payments were made to the Treasury Department, and you can not tell us how that change was authorized?

Mr. MORRISON. By authority of Congress; that is as far as I could give it.

Mr. DENT. By authority of Congress?

Mr. MORRISON. Yes.

Mr. DAVIS. Just another word on the purchase of these supplies. Can you tell us whether the supplies are purchased under contract or not?

Mr. MORRISON. Yes; they are.

Mr. DAVIS. All of them?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. And there is open competition?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. Do you keep a record of the bidders?

Mr. MORRISON. Oh, yes; as far as the State Department is concerned.

Mr. DAVIS. In your office?

Mr. MORRISON. Yes; we have a record.

Mr. DAVIS. And Mr. Fitzsimmons handles that?

Mr. MORRISON. We have a schedule of all of them; yes, sir.

Mr. DAVIS. A schedule of all the bidders and the prices.

Mr. MORRISON. Yes.

Mr. DAVIS. And, if necessary, you could furnish that information to this committee, could you?

Mr. MORRISON. There is no reason, to my knowledge, why it could not be done.

Mr. DAVIS. There are usually quite a number of bidders, are there not?

Mr. MORRISON. Yes.

Mr. DAVIS. For each item?

Mr. MORRISON. Yes.

Mr. DAVIS. The items are quite voluminous, I suppose?

Mr. MORRISON. Yes; quite so.

Mr. DAVIS. Covering all the general supplies for the State Department?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. And that is all kept in the State Department?

Mr. MORRISON. Yes.

Mr. DAVIS. Under your supervision, is it?

Mr. MORRISON. Not directly; that duty has been turned over to Mr. Fitzsimmons, inasmuch as he is the representative.

Mr. DAVIS. But those records are there and you can examine them, of course?

Mr. MORRISON. Oh, yes.

Mr. DAVIS. And could produce them unless there would be some objection from the State Department?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Referring again to this Boxer fund; after it quit passing through your hands do you know how it was carried in the Treasury Department?

Mr. MORRISON. No; I do not. Mr. Hamlin; I have not followed it up at all.

The CHAIRMAN. You pay all the warrants drawn by the State Department against that fund, do you not?

Mr. MORRISON. We paid all the claims that were filed—all the claims that were examined and filed.

The CHAIRMAN. I say, you did the paying?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. And on what fund did you draw your checks?

Mr. MORRISON. Against the Boxer fund, the Chinese indemnity.

The CHAIRMAN. The Chinese indemnity fund?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Of course, while the money passed through your department you had a record of the amount, did you not?

Mr. MORRISON. I kept a record of every check we received.

The CHAIRMAN. You kept a record of the amount that had gone into the Treasury?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. But after it quit passing through your hands, how did you get a record of the amount in that fund that would be to your credit in the Treasury Department?

Mr. MORRISON. Well, if there was anything left after the claims would be paid it would be on the books of the Treasury.

The CHAIRMAN. But if you had a claim presented to-day, properly approved, do you know whether there would be any money with which to pay it?

Mr. MORRISON. That would not come to us; it would go to the Treasury or to the Court of Claims, I think.

The CHAIRMAN. It would not come to you?

Mr. MORRISON. No.

The CHAIRMAN. You have quit paying claims through the State Department?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Had you quit paying claims at the time you quit receiving the money?

Mr. MORRISON. I think we had; I think we had paid all the claims, but there are a few still outstanding, I think.

TESTIMONY OF MR. JOHN B. KINNEAR.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Where do you live?

Mr. KINNEAR. 1870 California Street, Washington, D. C.

The CHAIRMAN. How long have you lived here?

Mr. KINNEAR. You mean here in Washington?

The CHAIRMAN. Yes.

Mr. KINNEAR. 25 years.

The CHAIRMAN. From what State do you come?

Mr. KINNEAR. Illinois.

The CHAIRMAN. Were you ever in the employ of the Government in any capacity?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. For how long?

Mr. KINNEAR. 19 years.

The CHAIRMAN. Will you kindly tell the committee what positions you held in the Government?

Mr. KINNEAR. I was first appointed as a clerk in the second auditor's office, but which is now the Auditor for the War Department; I was then transferred to the office of the Comptroller of the Treasury, and in the reorganization of the Treasury I followed my work to the office of the Auditor for the State and Other Departments. I remained there until I resigned.

The CHAIRMAN. Altogether you were in 19 years?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. I will ask you to state, in your own way, what you know about the Boxer fund or Chinese indemnity fund that has been paid to our Government from time to time.

Mr. KINNEAR. You just want me to take that up and explain the whole thing?

The CHAIRMAN. Yes.

Mr. KINNEAR. Well, when that fund—

The CHAIRMAN (interposing). In what capacity were you serving at that time?

Mr. KINNEAR. I was simply a clerk in the office of the Auditor for the State Department. The protocol provided for a certain amount, which was 25,000,000 Haikwan taels, to be paid to the United States, and the first accounts were rendered and they were sent to me for settlement. The protocol provided, among other things, that the United States was to receive 25,000,000 Haikwan taels to be paid in 39 years, a payment to be made each six months, and when a payment was not made they were to draw interest at the rate of 4 per cent, I think it was—it has been a good while ago—until the payment was made. Each Government had a representative, and they together were called the guild. This guild got together and decided upon the plan of amortization and collection of this money. The International Banking Corporation, which had been organized a short time before, was designated as the corporation to receive the money belonging to the United States, and possibly to the others, so far as I know. But I know that this guild decided that when the first payment was made the money should be turned in there, and they fixed the rate of exchange; that is to say, they decided how many cents in United States gold money a Haikwan tael was worth in Shanghai, China.

The CHAIRMAN. I was going to ask where they fixed the price of the Haikwan tael?

Mr. KINNEAR. At Shanghai.

Mr. DAVIS. About when was that?

Mr. KINNEAR. That was about 1903, I think; I am not just certain about that. However, along about that time the Chinese Government made their first payment, and the first remittance under the terms of the contract and protocol was made to our Government, and the account was sent to our office and referred to me for revision.

The CHAIRMAN. Through what department of the Government did that money reach your division?

Mr. KINNEAR. It came through the Secretary of State to the Treasury Department. The money itself was telegraphed from Shanghai, China, to the International Banking Corporation, at New York, and by them deposited, I think, with the assistant treasurer at New York; but I will not be sure about that. At any rate, somewhere in the Treasury, but it does not make much difference which branch it was. This money being silver currency, of course it naturally fluctuated up and down, the same as wheat does on the Chicago Board of Trade, and they decided on the day of the receipt of that money what it was worth in United States gold currency.

Then it came to the Treasury for settlement and came to my desk. I went to the Director of the Mint and I got from him a record from London, which is the center of the silver market, and fixes the values for the world, and found where they made a report at 10 o'clock, at 12 o'clock, and at 2 o'clock each day, fixing the value of silver in very quarter of the globe. I took those three values, as fixed at Shanghai, China, added them together and divided by three, and decided that this result was the value of the silver Haikwan tael on that day.

The CHAIRMAN. The day it was paid?

Mr. KINNEAR. Yes.

Mr. DAVIS. The day the money was received?

Mr. KINNEAR. Yes.

Mr. DAVIS. That is, by the International Banking Corporation?

Mr. KINNEAR. Yes. Now, we will take, for illustration, 1,000 taels; we will say they got 1,000 taels, and we will say a tael was worth about 75 cents—although the real value, I think, was 74.3—and I charged them with 1,000 taels, at 75 cents apiece, and decided in my mind that they were entitled to furnish the Government that amount of money, to remit that amount of money under the terms of their contract, because they were not to receive anything for exchange; that was the contract. I made the settlement and brought them about \$11,000 in debt, as near as I can remember.

The CHAIRMAN. What do you mean by "in debt"?

Mr. KINNEAR. They were short that much.

The CHAIRMAN. This banking corporation?

Mr. KINNEAR. Yes.

The CHAIRMAN. You mean they lacked that much of sending us as much money as they claimed?

Mr. KINNEAR. As they ought to have sent. They claimed they collected so many taels and claimed they were worth so many cents in our gold currency. We did not question the number of taels they had collected, but they were worth more than they said they were, and it made them short. In other words, if they sent them over at 50 cents each and we found they were worth 75 cents each, then there was a difference right there of 25 cents, so it made a difference of something like \$11,000. It has been a good while ago, and I can not remember just exactly; but that is, in round numbers, just what it was.

Mr. DAVIS. That settlement is of record?

Mr. KINNEAR. Yes, sir; we called on them to remit the balance.

The CHAIRMAN. Through whom did you call on them?

Mr. KINNEAR. The International Banking Corporation. I wrote the letter and the auditor signed it, calling on them to remit that balance. As quickly, apparently, as it could be done, they had a representative here from Shanghai to contest our settlement, but we stuck to it. The auditor thought we were right.

They took an appeal to the comptroller; the comptroller took up the matter, and he got the valuation of that currency in New York, the place where the Banking Corporation received the money in the United States, and he made the settlement on that basis. Under the law, he has a right to change our settlement, you know, and he made them short somewhere between \$5,000 and \$6,000; he pretty nearly cut our \$11,000 in two. They still were dissatisfied, and their expert came back, and some of the representatives of the Banking Corporation from New York, and they appealed to him for a rehearing. The matter went to him for a rehearing, and I went out of the Treasury a year or so afterwards, but I am told it is hanging in the comptroller's office to-day. It has never been finally settled any further than that, so far as I know.

The CHAIRMAN. Now, how long did you act in that capacity after the time of making the settlement you speak of?

Mr. KINNEAR. Well, I resigned the 1st of January, 1906—I presume it was about a year and a half; possibly not more than a year.

The CHAIRMAN. Well, what did you do with the next payment?

Mr. KINNEAR. We never made another settlement. We could not make the next one until we got a certificate from this one. You see the system of settlement in the Treasury Department is this: Say there is a settlement made of \$1,000 which has been found due from

a man. It may be a year or it may be a year and a half before there would be another settlement made, and before you could make the second settlement you must have a certificate from the Secretary's office showing that he was a debtor or creditor at the time the last settlement was made. Then you charge and credit him with the amounts due him and from him that have either been paid to him or he has paid since that time to the time of the making of the settlement, and then certify a new balance. So the auditor could not make another settlement until he could get a certificate of that one. And the question has never been settled as yet, so I understand—that is, how much was really due from the International Banking Corporation.

Mr. DAVIS. Is that the only money that passed through the Secretary of State's office and which the last witness on the stand had anything to do with?

Mr. KINNEAR. No; that was not the only money, but that was the only settlement we ever made—when we declared the balance.

Mr. DAVIS. You heard the testimony a moment ago that many payments were made?

Mr. KINNEAR. Yes.

Mr. DAVIS. Is that a fact?

Mr. KINNEAR. I presume he told the truth about that.

The CHAIRMAN. Well, now, right along that line, did the money go through the hands of any auditor at all?

Mr. KINNEAR. No, sir.

The CHAIRMAN. Has it never been audited?

Mr. KINNEAR. No, sir.

The CHAIRMAN. They have just accepted whatever this banking company—

Mr. KINNEAR (interposing). I said no, but I mean I assume it has not. Of course I am not in the Treasury, you know.

The CHAIRMAN. I mean, during the period you were there. You say you were there a year and a half after the payment was made?

Mr. KINNEAR. There was never but one settlement made while I was there, and I made that.

Mr. DAVIS. And that is still hanging fire in the comptroller's office?

Mr. KINNEAR. Yes; I understood it is.

Mr. DAVIS. And you can not do any more?

Mr. KINNEAR. No, sir; not until the question is settled. The difficulty is that you do not know the correct balance to charge on the next settlement; do you not see? They might be charged with the \$11,000, as claimed by us, but the comptroller says it is only \$5,000 or \$6,000; therefore, the person taking it up would not know what to charge him with.

Mr. DAVIS. If other money has gone into the Treasury by any other route it has not passed through the Secretary of State's office upon settlement made by the Auditor for the State Department?

Mr. KINNEAR. No; it has not.

Mr. DENT. Do you remember when the first payment was made?

Mr. KINNEAR. Well, I should say it was about 1903, to the best of my recollection.

Mr. DENT. And it was that payment that you audited?

Mr. KINNEAR. Yes, sir.

Mr. DENT. 1903?

Mr. KINNEAR. Yes, sir.

Mr. DENT. Is this money being paid to the International Banking Corporation?

Mr. KINNEAR. Well, under the terms of the protocol it was to be paid to them; I presume it is; I do not know whether they are collecting it or not.

Mr. DENT. Did you ever read the protocol?

Mr. KINNEAR. Yes; I studied it pretty thoroughly.

The CHAIRMAN. If the payments have not been made by China to this International Banking Association they would have to pay compound interest?

Mr. KINNEAR. Yes; interest on interest.

The CHAIRMAN. Do you know, or have you ever had any occasion to find out, who composed this International Banking Corporation at New York?

Mr. KINNEAR. No, sir; I did not go into that; I was simply a clerk.

The CHAIRMAN. No papers came to you that would indicate?

Mr. KINNEAR. No, sir.

The CHAIRMAN. You saw no correspondence in relation to this matter?

Mr. KINNEAR. Yes; we corresponded with the International Banking Corporation, but we would address them as the corporation, you know, and I do not recall now how the letters were signed, but they were signed by some officer of the corporation.

The CHAIRMAN. You do not know who composed that corporation?

Mr. KINNEAR. No, sir. If you wish to find out you can do so by looking at the settlement; you will find some correspondence there signed by somebody.

The CHAIRMAN. Did any attorneys representing that corporation appear before the auditor and in your presence discuss the matter?

Mr. KINNEAR. No; not as attorneys, so far as I know. There were two or three gentlemen—I do not remember their names; I would possibly remember the name of their expert from Shanghai if I would hear it called; it seems to me something like Fearson; I believe that was the name.

The CHAIRMAN. Do you know any more about this Boxer fund than you have told us?

Mr. KINNEAR. Well, this goes into the record, and I want to be certain about these things. I do not know anything; no, sir.

Mr. DAVIS. The number of taels that the Chinese Government was to pay the United States was definitely stated in the protocol?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. And the value of the taels at that time was expressly stated in the protocol?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. You have stated that the worth of a Haikwan tael was fixed at 74.3?

Mr. KINNEAR. On the day that the protocol was signed it was something near that value, as I remember it.

Mr. DAVIS. There was nothing in the protocol, however, that made any provision for the depreciation or increase in value of one of these taels?

Mr. KINNEAR. There was not.

Mr. DAVIS. Nothing of that kind?

Mr. KINNEAR. No, sir.

Mr. DAVIS. Hence you, as an officer of the Treasury Department, when the first money was received, immediately began figuring the value that these taels had—that is, their value at the time the money was received?

Mr. KINNEAR. That is it.

Mr. DAVIS. And in consequence of that this disagreement as to the \$11,000 arouse between the Treasury Department and the International Banking Corporation?

Mr. KINNEAR. That is correct.

Mr. DAVIS. And to your knowledge, while you remained in that position, the value of these taels was constantly increasing or diminishing daily, weekly, or monthly, were they not?

Mr. KINNEAR. Yes, sir; they were.

Mr. DAVIS. You have definite knowledge of that?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. Hence, in your judgment, this International Banking Institution, when they came to settle with the Treasury Department, should have figured the value of the tael at the instant received by them?

Mr. KINNEAR. That is right.

Mr. DAVIS. Without referring back to the value of the tael as expressed in the protocol?

Mr. KINNEAR. Yes, sir.

Mr. DENT. The Chinese Government paid a certain number of taels every six months to this International Banking Co. in New York?

Mr. KINNEAR. They paid it in Shanghai, but it was organized in New York.

Mr. DENT. And the International Banking Corporation had to account to the Government for the value of those taels of the date that the bank received them?

Mr. KINNEAR. Yes, sir; that is correct.

(Thereupon the subcommittee adjourned.)

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE STATE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Monday, August 7, 1911.

The subcommittee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. FRANCIS B. LOOMIS.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. State your name?

Mr. LOOMIS. Francis B. Loomis.

The CHAIRMAN. Where do you reside?

Mr. LOOMIS. Springfield, Ohio.

The CHAIRMAN. Are you in the employ of the Government at this time?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. In what capacity?

Mr. LOOMIS. As commissioner general to the international exposition at Turin, Italy.

The CHAIRMAN. Have you heretofore had any official connection with the Federal Government?

Mr. LOOMIS. Yes, sir. On several occasions I have been in the Consular and Diplomatic Service, and have been Assistant Secretary of State, and after that I was appointed, in 1908, commissioner general for the exposition at Tokyo, Japan, which has been postponed. So that function lapsed.

The CHAIRMAN. Will you kindly give us the date of your first connection, in an official way, with the Federal Government and tell us what that first connection was?

Mr. LOOMIS. My first connection with the Federal Government was what was then known as commercial agent, a designation that has since been abolished.

The CHAIRMAN. What was the date of that?

Mr. LOOMIS. I think that was about 1889; it was early in the Harrison administration, but I have forgotten the exact date; but I think it was in April, 1889, that I was appointed.

The CHAIRMAN. Briefly, what were your duties?

Mr. LOOMIS. Those of a consular officer. A commercial agent was really a consular officer, but he had that title. It dates away back to the early history of the Government. For some reason they chose to send to certain places an officer called a commercial agent, and I think originally he did not have much governmental function, but afterwards he was assimilated with the consular corps and had the same status precisely as a consul. Later on that was found to be an anomalous title and it was abolished a few years ago, and all of the commercial agents became consuls by title.

The CHAIRMAN. Do you know out of what fund you were paid? Were you paid out of the fund appropriated for the payment of consuls?

Mr. LOOMIS. Yes, sir; I had a regularly appropriated salary.

The CHAIRMAN. How long did you hold that position?

Mr. LOOMIS. About three years.

The CHAIRMAN. Then what position did you take?

Mr. LOOMIS. Well, then, I was not in the Government service again until 1897, when I was appointed minister to Venezuela by President McKinley. After being there some three years I was appointed to Portugal, where I stayed a year or so, and then I became Assistant Secretary of State, I think about February, 1902.

The CHAIRMAN. Which Assistant Secretary?

Mr. LOOMIS. The Assistant is the title; it is commonly called First Assistant, but the precise title is the Assistant Secretary of State.

The CHAIRMAN. How long were you the Assistant Secretary of State?

Mr. LOOMIS. From. I should say, about February, 1902, until, say, about the middle of October, 1905.

The CHAIRMAN. Were you also Secretary of State ad interim at any time?

Mr. LOOMIS. For a short period after the death of Mr. Hay; for a short period between the death of Mr. Hay and the appointment of Mr. Root; just a few weeks, I think.

The CHAIRMAN. Then, after Mr. Root was appointed, did you continue in the service?

Mr. LOOMIS. Then I continued until about the middle of October. Mr. Hay died, as I recall, about the 2d of July, 1905, and I think Mr. Root was appointed the 17th or something like that, and I continued until October.

The CHAIRMAN. As Secretary?

Mr. LOOMIS. No; I continued as the Assistant Secretary.

The CHAIRMAN. Then did your connection with the Government cease?

Mr. LOOMIS. Yes; ceased entirely until I was appointed two or three years later as commissioner to the Tokyo Exposition; then it ceased until I was appointed, in May, 1910, commissioner general for this exposition at Turin.

The CHAIRMAN. And you hold that position now?

Mr. LOOMIS. Yes, sir. That was an appointment by the Secretary of State; the other position, to Tokyo, was a presidential appointment and confirmed by the Senate.

The CHAIRMAN. The position you now hold is an appointment by the Secretary of State?

Mr. LOOMIS. Yes, sir. That is in accordance with the terms of the law, which leaves the matter of organization and the disposition of that appropriation to the Secretary of State.

The CHAIRMAN. Have you any agreement or understanding with the Secretary of State as to the compensation you are to receive for your services in the position you now hold?

Mr. LOOMIS. Yes, sir; they told me they would give me \$7,500 for my services.

The CHAIRMAN. For what period of time?

Mr. LOOMIS. Well, I suppose for the period of the exposition. It was not specifically stated, but that is my understanding—from the time I was appointed until the close of the exposition was what I had in mind.

The CHAIRMAN. Is there a definite time fixed for the closing of the exposition?

Mr. LOOMIS. Yes, sir; the 31st of October, this year.

The CHAIRMAN. Have you received any part of your compensation as yet?

Mr. LOOMIS. Yes; I have received, I do not know how much, but I should say about \$3,000.

The CHAIRMAN. And how have you received it? What I mean by that is, all at once or at different times?

Mr. LOOMIS. I have received the \$3,000 at different times, as it seemed to be needful. I first drew \$1,200, when I was first going abroad to make arrangements for the building and various things over there, and since that three or four hundred dollars from time to time.

The CHAIRMAN. You speak of drawing it. What do you mean? What process do you go through to draw that? Do you send in a request or statement?

Mr. LOOMIS. Well, I draw it through our disbursing officer by signing a voucher for it.

The CHAIRMAN. You have a special disbursing officer for this fund?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. That was appropriated to cover the expenses of our participation in the Turin Fair?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. Have you drawn all the money you have drawn on this \$7,500 through this special disbursing officer?

Mr. LOOMIS. All but the first \$1,200; we had no disbursing officer then.

The CHAIRMAN. And that was drawn how?

Mr. LOOMIS. That I drew on a voucher which I signed at the office of the Secretary of State and turned over to Mr. Morrison.

The CHAIRMAN. Paid through him?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. How do you make out those vouchers? Can you give us the wording of them?

Mr. LOOMIS. Well, it is a printed form; I have not got one with me.

The CHAIRMAN. In making out a voucher do you state it is on account of your agreed salary, or how do you make it out?

Mr. LOOMIS. I say "On account of compensation." I think that is the way they read.

The CHAIRMAN. You do not say, "Being my honorarium" or "Part of my honorarium," or anything of that kind?

Mr. LOOMIS. I do not recollect whether those words are in them or not.

The CHAIRMAN. Well, under what circumstances would you make out a voucher of that kind, stating that it was in payment of your honorarium?

Mr. LOOMIS. Under what circumstances?

The CHAIRMAN. Yes.

Mr. LOOMIS. Well, whenever I need some money I would make one out.

The CHAIRMAN. What I am trying to get at is, if you were to use that expression, what would you mean by it?

Mr. LOOMIS. Compensation.

The CHAIRMAN. No; your honorarium.

Mr. LOOMIS. I would mean the sum indicated was the sum I was to receive for my services in connection with this exposition.

The CHAIRMAN. You would regard that in the same way you would regard the compensation agreed upon, would you?

Mr. LOOMIS. Yes.

The CHAIRMAN. You think you have received about \$3,000?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. And that is to be paid out of this fund that is specially——

Mr. LOOMIS (interposing). This special appropriation.

The CHAIRMAN. Specially appropriated for that purpose?

Mr. LOOMIS. There was \$120,000, you may recall, appropriated for the expositions at Rome and Turin, Italy; they are two expositions running almost concurrently, one being an art exposition at Rome and the other an industrial exposition at Turin. That money was divided by the Secretary of State; he gave \$70,000 to the exposition at Turin and \$50,000 to the one at Rome. Now, we draw from that \$70,000 for our necessary expenditures, and are limited to that.

The CHAIRMAN. This understanding that you had with the Secretary of State as to your compensation, did that cover your compensation and expenses, or were you to receive \$7,500 plus your expenses?

Mr. LOOMIS. Well, I understood I was to receive my necessary traveling expenses, but not my per diem over in Turin.

The CHAIRMAN. Well, now, do your traveling expenses include one trip over and one trip back or would that cover any subsequent trips that you might make?

Mr. LOOMIS. If I made a subsequent trip on my own account I would pay for it.

The CHAIRMAN. How about your visit here now; is it on your own account or at the expense of the Government?

Mr. LOOMIS. It is on my own account.

The CHAIRMAN. There is no expense to the Government on this trip?

Mr. LOOMIS. No expense to the Government.

The CHAIRMAN. How long were you on this commission to Tokyo?

Mr. LOOMIS. There were three members on the commission, of which I was one. We were appointed about the end of June, I should think, in 1908, and we finished our work and made our report about the end of the following January, and all the bills were audited by act of Congress.

The CHAIRMAN. You have no connection with that exposition now?

Mr. LOOMIS. Well, I have nominally a connection with it. However, there is nothing going on—no money being spent and no work being done. It was suddenly postponed. It was originally announced to be held in 1912, and then something occurred that caused the Japanese Government to postpone it until 1917. So it would be a waste of effort to be doing anything on it now. And that suggestion was made to Congress by the commission, that they should be excused from any further work and to receive no further compensation until some date near the time now fixed for holding the exposition.

The CHAIRMAN. The commission, then, is still intact, but receiving no compensation?

Mr. LOOMIS. Receiving no compensation and no regular work being done. A little work is being done from time to time, but nobody receives any compensation for it.

The CHAIRMAN. How many employees did the commission have while you were drawing compensation?

Mr. LOOMIS. Well, there were three commissioners and a secretary provided by law. Then, we employed a stenographer, and that is about all. We may have had an extra stenographer from time to time.

The CHAIRMAN. What compensation was fixed for the commissioners?

Mr. LOOMIS. \$8,000 for the head of the commission.

The CHAIRMAN. Per year, you mean?

Mr. LOOMIS. Yes; and for the two or three years before the exposition the other two commissioners were not to devote all of their time to the work and they were to receive but \$5,000, I think, and then during the year of the exposition they were to receive \$8,000, I think.

The CHAIRMAN. What compensation was the secretary to receive?

Mr. LOOMIS. I do not remember now what it was, but I can very easily find out. It is a law of Congress, you know, and I think it was \$5,000.

The CHAIRMAN. Is anybody receiving any compensation now?

Mr. LOOMIS. Not one cent, sir; nobody at all; and there is no appropriation available. We were given \$50,000; there was a general appropriation made permitting the expenditure of \$2,000,000, I think, for that exposition, and immediately made available \$50,000 for preliminary work, and \$20,000 was spent, the balance being turned into the Treasury, and then that account was closed. So there is no appropriation existing for that, and there has been no money drawn by anybody, and nobody has been promised any money. The Government is not liable or responsible in any way for one cent of expense in connection with this in any possible manner.

The CHAIRMAN. Going back to the Turin exposition—you are one of the commissioners?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. How many employees have you now to aid you in your work?

Mr. LOOMIS. Well, I have a secretary, who is also the disbursing officer.

The CHAIRMAN. What compensation does he draw?

Mr. LOOMIS. He gets paid at the rate of \$1,500 a year, I think.

The CHAIRMAN. And expenses?

Mr. LOOMIS. Yes, sir. And then there is a deputy commissioner, who gets no pay; he is the consul over there, and he gets nothing at all; and then there is a gentleman from the Agricultural Department, who gets his expenses only; we do not pay him any salary; then there is a man from the Interior Department, who gets a salary of \$150 a month and his expenses; and then there are, I should say, four or five laborers who get from——

The CHAIRMAN (interposing). Sent over from this country?

Mr. LOOMIS. Two from this country, who are experts in setting up these exhibits—carpenters; the others are employed on the ground there.

The CHAIRMAN. Now, what is the name of this secretary and disbursing officer?

Mr. LOOMIS. Charles R. Dean.

The CHAIRMAN. Where does he live?

Mr. LOOMIS. He lives in Washington.

The CHAIRMAN. Was he connected with the Government before he went on that trip?

Mr. LOOMIS. Not immediately. He was at one time in the Secretary of State's office; he was last employed as Chief of the Bureau of Appointments; I think that is the position he held when he left the Secretary of State's office or the State Department. He is a lawyer, and he resumed the practice of law here; temporarily he was in St. Louis for a year or so, and then came here and practiced law.

The CHAIRMAN. And was appointed from here?

Mr. LOOMIS. Yes, sir. When I was in the State Department he was my private secretary and stenographer, a very unusually competent and faithful and reliable man; he took this place largely to accommodate me.

The CHAIRMAN. Now, he pays all the bills connected with that exposition over there?

Mr. LOOMIS. Yes, sir; he is the regular disbursing officer and gives a bond.

The CHAIRMAN. What bond does he give, do you know?

Mr. LOOMIS. My impression is that it is \$20,000. That is a matter arranged between the department and himself, and with which I had nothing to do.

The CHAIRMAN. Now, he pays these vouchers on your approval?

Mr. LOOMIS. I approve them all; yes, sir.

The CHAIRMAN. You must approve them all?

Mr. LOOMIS. I approve them all.

The CHAIRMAN. Do you approve your own vouchers?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. No one else approves them?

Mr. LOOMIS. No one else passes on my vouchers?

The CHAIRMAN. What is the name of the gentleman detailed from the Agricultural Department?

Mr. LOOMIS. F. Lamson Scribner. He is an expert and has had charge of their exhibits at several expositions. The last one abroad was in Argentina, I think, last summer.

The CHAIRMAN. Was he connected with the Agricultural Department at the time he was designated?

Mr. LOOMIS. Oh, yes. He regularly, I think, has charge of their exposition work; that is my understanding.

The CHAIRMAN. What compensation did you state he received?

Mr. LOOMIS. We do not pay him anything; he gets a salary from that department; we pay him his expenses while he is abroad.

The CHAIRMAN. His traveling expenses and a per diem?

Mr. LOOMIS. Yes.

The CHAIRMAN. What is the name of the gentleman who represents the Interior Department?

Mr. LOOMIS. It is Robbins; I do not know his full name, but I think it is W. A. He has done their exposition work in several expositions, and he gets no salary from the department while he is out of town; so we pay his salary—\$150 a month and expenses.

The CHAIRMAN. A per diem and expenses?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. Now, what are his duties there?

Mr. LOOMIS. He is in charge of the various exhibits from the divers bureaus of the Department of the Interior. He superintended the packing of them and the setting up over there.

The CHAIRMAN. And these carpenters, you say, you took from Washington?

Mr. LOOMIS. Yes, sir. One is a man who is probably not regularly on the rolls, but at least occasionally employed as a carpenter in the Department of Agriculture.

The CHAIRMAN. What are the names of the two carpenters?

Mr. LOOMIS. One is named Cline and the other named Vaughn; I do not know their initials.

The CHAIRMAN. And who designated those gentlemen?

Mr. LOOMIS. Well, they were designated to me by request; one by Mr. Robbins and the other by Prof. Scribner. It seems that Mr. Cline had accompanied him to many expositions; he is a sort of experienced and expert man on that kind of work.

The CHAIRMAN. Then, you nor any of these other men who are connected with that exposition are receiving any compensation, except in the amount mentioned by you?

Mr. LOOMIS. None whatever.

The CHAIRMAN. Did you ever do any special work for the Government outside of the positions which you have mentioned as holding?

Mr. LOOMIS. Never.

The CHAIRMAN. You have never been designated on any special work?

Mr. LOOMIS. Never in my life, except when I was already in the employ of the Government.

The CHAIRMAN. You did special work then?

Mr. LOOMIS. I do not know whether you would call it special work or not. Of course when I was the Assistant Secretary of State I had a great many things to do.

The CHAIRMAN. On some special mission, do you mean?

Mr. LOOMIS. Yes.

The CHAIRMAN. Where?

Mr. LOOMIS. Santo Domingo.

The CHAIRMAN. While you were the Assistant Secretary of State you were sent there?

Mr. LOOMIS. Yes.

The CHAIRMAN. How many trips did you make?

Mr. LOOMIS. One.

The CHAIRMAN. How long were you gone?

Mr. LOOMIS. About three weeks, I should think.

The CHAIRMAN. When was that?

Mr. LOOMIS. I can not tell you exactly what year that was, but it is my impression it must have been the early winter of 1904.

The CHAIRMAN. Did you receive extra compensation for that?

Mr. LOOMIS. None whatever.

The CHAIRMAN. You received your expenses?

Mr. LOOMIS. I received my expenses; they were not very much, because I went down with a naval party on the *Mayflower*. Admiral Dewey was going to Panama to inspect the fleet, and I went with him there, and when they finished with that they took me over to Santo Domingo.

The CHAIRMAN. You received no extra compensation at all?

Mr. LOOMIS. No; none whatever.

The CHAIRMAN. How long were you minister to Venezuela?

Mr. LOOMIS. About three years.

The CHAIRMAN. Who succeeded you?

Mr. LOOMIS. Mr. Bowen.

The CHAIRMAN. What are his initials?

Mr. LOOMIS. I think they are Herbert G., or B.; I do not know which it is.

The CHAIRMAN. Is he in the service now?

Mr. LOOMIS. No, sir; not to my knowledge.

The CHAIRMAN. Now, do you know anything about how often this disbursing officer of your commission reports and to whom he does report the expenditures?

Mr. LOOMIS. He is required, I think, by law to report the expenditures to the comptroller or some Treasury official.

The CHAIRMAN. Do you know how often?

Mr. LOOMIS. I do not know that; no. I know he has to send in accounts; there has to be a certain balance maintained between the sums at his disposal here and his accounts paid.

The CHAIRMAN. Well, all of you gentlemen over there file an itemized statement of your expenses, do you not?

Mr. LOOMIS. Oh, yes.

The CHAIRMAN. With this disbursing officer?

Mr. LOOMIS. Yes, sir; and he turns them over immediately to the auditor, I suppose, or to the comptroller.

The CHAIRMAN. The Auditor for the State and Other Departments?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. At the time you were the Assistant Secretary of State, and at the time you were acting as Secretary of State ad interim, do you know whether John W. Foster was in the employ of the Government?

Mr. LOOMIS. I think that during part of the time he was receiving compensation from the Department of State. I know personally nothing about it, except in a general way. I had nothing to do with his employment, and if he was employed I think it was an arrangement between him and Mr. Hay; but I think he was employed in connection with some Canadian matters or fisheries question, or something of that sort. I think he was employed in that connection, or, perhaps, in other connections from time to time. However, I am quite sure he was employed at some time during my incumbency, but just what the nature of that employment was and what the terms were I do not know. I suppose he was paid from the emergency fund.

The CHAIRMAN. To refresh your memory, was he not employed in connection with the fur-seal matter up in Alaska?

Mr. LOOMIS. Yes; something of that kind. As it passes through my mind he had something to do with Canadian affairs. Those were questions that were up when I came into the department, but they never came under my jurisdiction at all. Personally, I never had anything to do with Mr. Foster.

The CHAIRMAN. But you know he was employed during the time you were connected with the department?

Mr. LOOMIS. Yes; that is my strong impression. I think he had desk room in one of the upper rooms. Mr. Hay had those matters in hand when I came in and I had nothing to do with them personally. He was employed from time to time, I think, at a period when those general arbitration treaties were sent into the Senate; then, I think, he was not employed after that.

The CHAIRMAN. And do you remember the date of that?

Mr. LOOMIS. I should say that must have been in the early winter of 1904, but I am not sure.

The CHAIRMAN. The winter of 1904?

Mr. LOOMIS. I think so. That is something—

The CHAIRMAN (interposing). That the record would show, of course, but I thought perhaps you would recall?

Mr. LOOMIS. No. However, I know there was a great deal of feeling engendered at about that time, and I think there was some feeling about Mr. Foster's attitude on those treaties, possibly.

The CHAIRMAN. Mr. Loomis, did you ever render any service to the Government for which your compensation was paid out of this emergency fund?

Mr. LOOMIS. No, sir.

The CHAIRMAN. You never received any money out of the emergency fund?

Mr. LOOMIS. I never received a cent from it in my life in the way of compensation. However, when I went to Santo Domingo my expenses were paid out of it, and very properly, I think.

Mr. DENT. That is the only time?

Mr. LOOMIS. That is the only time that I recall, and the only money I ever received was in the case of some expenses in connection with the diplomatic activities of the Government. I never received any compensation at all.

The CHAIRMAN. When money was paid out of this emergency fund, was there any voucher taken for that money?

Mr. LOOMIS. Well, there was a blank form which was called a voucher, and that stated on the face of it how much was taken, and that was signed by the officer authorizing the disbursement; sometimes it was stated what it was for and sometimes not, as I recall it, and sometimes there would be a bill, if one was rendered and could be obtained, attached to that form.

The CHAIRMAN. The point I am getting at is: Did the party to whom the money was paid sign a voucher or receipt for it?

Mr. LOOMIS. Not necessarily?

The CHAIRMAN. Well, did they?

Mr. LOOMIS. I think they did sometimes. I am not absolutely clear on that point, because all I know is that at the times I authorized disbursements from the fund I signed the certificate, or whatever it is.

The CHAIRMAN. You mean, approved it?

Mr. LOOMIS. I approved it; yes, sir; and then I assumed that if any receipt could be obtained it was obtained and attached; but I never saw it again afterwards.

The CHAIRMAN. Now, in order that you may understand me more perfectly, suppose you were Secretary of State and you determined that for some services which I had rendered I should be paid out of that emergency fund, what was the modus operandi? How would you pay me and what, if any, receipt would you take from me, or what evidence would there be that you had paid me any of this money?

Mr. LOOMIS. Under the practice relating to the disbursement of that fund there would not of necessity be any evidence left, nor of necessity be anything there except the certificate of the officer who authorized the payment; but it was the custom, whenever possible, to get a receipt from the man to whom the check was sent. Suppose I was to pay you \$500, or authorize the payment to you of \$500 out of this emergency fund, then this certificate would be signed and Mr. Morrison would get a check and send it to you and get your receipt, which would be attached to the certificate, I take it.

The CHAIRMAN. But that receipt you would not see?

Mr. LOOMIS. I would not see it; no.

The CHAIRMAN. You would not see that at all?

Mr. LOOMIS. No.

The CHAIRMAN. Upon a voucher approved by you, Morrison would pay the money direct to the man?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. And you would not see the money or the receipt, or anything?

Mr. LOOMIS. No, sir.

The CHAIRMAN. That would be a matter wholly with the disbursing officer?

Mr. LOOMIS. Yes, sir; that would give him his authority and he would finish the operation.

The CHAIRMAN. The money would not be brought to you and you pay the man?

Mr. LOOMIS. No.

The CHAIRMAN. Mr. Morrison would pay direct?

Mr. LOOMIS. Yes, sir. However, that occurred once, now that you mention it. Once \$500 in gold was brought to me and I turned it over to a gentleman.

The CHAIRMAN. Did you take a receipt for it?

Mr. LOOMIS. Yes, sir.

Mr. DENT. Where did you file that receipt?

Mr. LOOMIS. I suppose it is filed with Mr. Morrison, I do not know. I say I turned it over; I am not absolutely sure that I turned it over personally, but I remember ordering that it should be gotten in gold and turned over to this man who was going on a confidential mission for Mr. Hay.

The CHAIRMAN. Your question, Mr. Dent, was with whom he filed the receipt?

Mr. DENT. Yes.

Mr. LOOMIS. That would be turned over to Mr. Morrison.

Mr. DENT. And he would keep it? He would be the custodian of it?

Mr. LOOMIS. Yes; that would be attached to this authorization, this blank, or this form that I spoke of.

The CHAIRMAN. Well, we are conducting a kind of general inquiry this morning, and another matter occurs to me. Before we let you go I will ask you this question: Do you recall approving certain payments on the Ward claim out of the Boxer indemnity fund while you were acting as Secretary of State?

Mr. LOOMIS. I could not answer that question. I signed thousands of warrants, and I really can not say whether I did or not.

The CHAIRMAN. Let me understand. Do you mean that as Secretary of State, or, I mean, as Acting Secretary of State, you approved, in the course of business, a great many vouchers without knowing what they were for or what they contained?

Mr. LOOMIS. Well, they were in the habit of sending in a sort of long printed form, about so long [indicating], as I recall it, printed in red ink, calling for the payment or authorizing the payment of certain liquidated claims that were disposed of through the office of the solicitor. These were approved by the solicitor and then sent down to me, or whoever was the officer of the day, so to speak, for official signature, and, as a rule, that officer knew nothing about those things.

The CHAIRMAN. You just approved them in the regular course of business?

Mr. LOOMIS. We had to sign them in the regular course of business; we could not know anything about them, or anyone else.

The CHAIRMAN. You do remember, however, the payment to the Ward heirs of some \$360,000?

Mr. LOOMIS. I remember such a claim; yes, sir; but it was nothing with which I had anything to do; that is, I knew nothing about the

arrangement of the details, the division of the money, or anything about it.

The CHAIRMAN. You do not even remember approving the vouchers?

Mr. LOOMIS. No; but I think very likely it may have been done; I do not remember distinctly.

Mr. DENT. If you did, it was on the recommendation of the solicitor?

Mr. LOOMIS. Yes, sir. Anything in the way of the payment of claims or anything of that sort was always done on the recommendation of Judge Penfield; he was then the solicitor.

Mr. DENT. Necessarily the superior officer has got to rely sometimes on the statement of his subordinates?

Mr. LOOMIS. In those legal matters particularly he must rely altogether upon the solicitor.

Mr. DENT. So far as the details are concerned?

Mr. LOOMIS. Yes, sir. He was a trusted man, a lawyer of high standing and all that, and he was relied on to work out all of those things and present his results to the head of the department.

The CHAIRMAN. Would the solicitor have the authority to authorize the payments, or would that authority have to come from the Secretary?

Mr. LOOMIS. There would have to be consultation between the solicitor and the Secretary. The solicitor never arrogated any authority to himself; he always went to see the Secretary and consulted with him about matters if they were not entirely clear or if he thought he had to have further authority or anything of that kind. Mr. Hay had very great confidence in Judge Penfield's ability, integrity, and capability, and he left a great deal to him on matters of that kind.

The CHAIRMAN. If you approved any of those matters, you did it in the course of routine business?

Mr. LOOMIS. Absolutely. I was never consulted about anything in connection with the Ward claim, and I have no specific knowledge of it whatever.

The CHAIRMAN. You do not know whether that claim was paid out of that fund and you know nothing about it?

Mr. LOOMIS. No; I do not. I know, in a general way, what the gossip has been about it, but that is all I know.

The CHAIRMAN. During the time of your connection with the State Department do you know of any money paid out of the secret fund, so called, that was specifically accounted for by items? But before you answer that, you are familiar with that section of the statutes, are you not, section 291?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. Providing that such items as the President, in his judgment, may think proper to specifically account for shall be those accounted for?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. And the other items may be covered by a blanket certificate?

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. Do you know of any items paid out of that secret fund that were specifically accounted for?

Mr. DENT. To the Treasury Department?

Mr. LOOMIS. I can not answer that; I really do not know.

The CHAIRMAN. Did you ever make any of those certificates?

Mr. LOOMIS. I may have done so, but I do not recall it; nothing impressed itself on me.

The CHAIRMAN. Or was it the practice of the department to take all of the money that was paid out of the so-called emergency or secret fund and just cover it in a blanket certificate?

Mr. LOOMIS. That I do not know.

The CHAIRMAN. You do not know what the practice was?

Mr. LOOMIS. No. That would have come under the Bureau of Accounts, and I do not know how they did those things.

The CHAIRMAN. Under that statute he would have no say in that matter—that is, the Chief of the Bureau of Accounts.

Mr. LOOMIS. He would have to be authorized by the head of the department.

The CHAIRMAN. You were at one time the head of the department?

Mr. LOOMIS. Yes: at various times I was Acting Secretary.

The CHAIRMAN. I was trying to get an idea as to whether you ever authorized any specific accounting?

Mr. LOOMIS. Not that I remember; I do not recall. Nothing stands out in my memory in particular relation to that fund.

The CHAIRMAN. Well, it appears that during the time you were the Assistant Secretary and also Acting Secretary that fund was being used to the extent of about \$10,000 a month, on the average.

Mr. LOOMIS. For what purpose?

The CHAIRMAN. I do not know.

Mr. DENT. That is what we have been trying to find out.

Mr. LOOMIS. Well, I can not say that.

The CHAIRMAN. Have you any recollection of just how it was being used during that time?

Mr. LOOMIS. I can say this, that when I came into the department there were being carried on the rolls, outside of the classified service, a number of clerical employees, and some others—and by others I mean those designated as laborers, and something like that—who had been put on there during the War with Spain, and had been gradually reduced, but there was still there a number of them—I do not know how many—and they were paid either from this fund—I do not recall now—or it may have been that fund; but really I do not think it should have run up to \$10,000 a month. There were, perhaps, 20 such employees.

The CHAIRMAN. I will make this statement to you, in order that you may understand me: The Secretary of the Treasury has furnished us with an official statement which averages about \$10,000 a month, covering that period.

Mr. LOOMIS. How long did that run?

The CHAIRMAN. Well, it is running so now.

Mr. LOOMIS. Well, I do not know what it is. The only thing I can say or think of now as being from the fund, other than the regular appropriations, was this special pay roll, which I think was discontinued by Mr. Root by getting special appropriations, or getting a blanket order to put all of these people under the classified service; he did that about a year after he came in.

The CHAIRMAN. About what people are you talking?

Mr. LOOMIS. I was saying that when I came into the department there were a number of clerks, stenographers, and some other employees carried on the rolls of the department for whom there was no appropriation made, or for whose compensation there was no appropriation in the regular appropriation bill; they were put on the department rolls, I was told, during the Spanish War and paid from that war emergency fund as long as it lasted; they had been somewhat reduced, but there were still a number of them; 20 or so.

The CHAIRMAN. That is, the \$50,000,000 war fund?

Mr. LOOMIS. They were paid from that, but they had ceased paying from that before I came into the department, and when I came in they were being paid from one or the other of these funds.

The CHAIRMAN. This emergency fund?

Mr. LOOMIS. Or under this other act.

The CHAIRMAN. The secret fund?

Mr. LOOMIS. Yes, sir; they were being paid from either of those two sources. I do not recall now which it was, and that pay roll, as I say, was continued, I think, until Mr. Root came in and succeeded in getting a specific appropriation for the salaries of these employees, and getting them covered into the classified service, as I recall it; so that the expenditure from these special funds was concluded, ended.

The CHAIRMAN. Is it not true that frequently, or at least once in awhile, faithful employees down there, who are not receiving, in the judgment of the department, an adequate compensation for their services under the law, are given assignments for special work and paid out of this secret fund in order that during the year they may receive adequate compensation for their services?

Mr. LOOMIS. That never occurred while I was there.

The CHAIRMAN. Do you know of any such instance at any time?

Mr. LOOMIS. No, I do not. I never knew of anybody receiving a salary——

The CHAIRMAN (interposing). I do not mean a salary.

Mr. LOOMIS. Well, I never knew of anybody who was on the pay rolls of the Government as a salaried employee getting any other compensation.

Mr. DENT. Not even for doing special work?

Mr. LOOMIS. No, sir. I think that case came up two or three times, where we wanted to pay people for working overtime, and I think the comptroller ruled it was not lawful; that is my impression, that it could not be done.

The CHAIRMAN. Yes; but the comptroller does not have anything to do with this secret fund, so far as the items are concerned.

Mr. LOOMIS. I see. Well, we took it on ourselves to take it up, and I never authorized any extra pay for working overtime that I know of.

The CHAIRMAN. But you do not know whether it has been done or not?

Mr. LOOMIS. No, sir; I do not know.

The CHAIRMAN. When do you expect to return to Italy?

Mr. LOOMIS. Sometime in early September.

The CHAIRMAN. Then when do you expect to return again?

Mr. LOOMIS. I expect to be back here about the first week in November.

The CHAIRMAN. Then, Mr. Loomis, we will excuse you now, and ask you to report to the chairman of this committee as soon as you return.

Mr. LOOMIS. Yes, sir.

The CHAIRMAN. You think that will not be later than the 1st of November?

Mr. LOOMIS. I can advise you if I find out differently, but it will not be a difference of 10 days.

The CHAIRMAN. Because I think we will want to inquire further of you, but we will not detain you now any longer, because you have other work to do and we have other work to do. We will let the record show that you expect to return about the 1st of November, and that you will report to the chairman of this committee as soon as you return.

Mr. LOOMIS. I will.

(Thereupon the subcommittee adjourned.)

DEPARTMENT OF STATE,

Washington, August 7, 1911.

HON. C. W. HAMLIN,

*Chairman Committee on Expenditures in the Department of State,
House of Representatives, Washington, D. C.*

DEAR MR. HAMLIN: On looking over some memoranda I find that my recollection is at fault on two points concerning which you made inquiry this morning. I think I said that the employees of the Tokyo Exposition Commission consisted only of a stenographer or clerk. I now recall that we had a messenger for a time. I think these two were the only ones who were regularly on our rolls at any time. We were occasionally obliged to get a little extra help, particularly when we were in Tokyo.

There should have been included also in the employees now at Turin the name of Frank Scribner, expert assistant to Prof. Scribner, of the Department of Agriculture. These two, with Mr. Robbins, of the Department of the Interior, and the two carpenters mentioned this morning and the disbursing officer make up the list of those who went from Washington.

I should be glad if these corrections could be incorporated by the stenographer in my testimony.

Thanking you for your courtesy, I am,

Very sincerely, yours,

FRANCIS B. LOOMIS.

No. 12

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

TUESDAY, OCTOBER 31, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE
1911

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, Missouri, *Chairman.*

S. H. DENT, Jr., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk.*

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman.*

S. H. DENT, JR.

CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT, *Tuesday, October 31, 1911.*

The subcommittee this day met, Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. JOHN W. FOSTER.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. You may state your name.

Mr. FOSTER. John W. Foster.

The CHAIRMAN. And you reside where?

Mr. FOSTER. I am a citizen of Indiana, but I have been a resident for a number of years of Washington City.

The CHAIRMAN. About how long have you resided in Washington City?

Mr. FOSTER. I established a residence here in October or November, 1881. I took a house and I kept that house from that time on, but I have been out of the country a good deal of the time since then, either serving the Government or on my private business; so I have not been continuously in Washington since that time, although I may be called a resident of Washington from that time.

The CHAIRMAN. You have been out of the city during this year, have you not?

Mr. FOSTER. I left here about the middle of June. I could give you the exact date if you need it.

The CHAIRMAN. That is not necessary.

Mr. FOSTER. And returned on the 22d of September.

The CHAIRMAN. Do you contemplate going out of the city again in the near future?

Mr. FOSTER. My health has not been good for some years; I suffer a good deal from bronchitis and rheumatism, and my doctor has advised me that I should spend the winter in a milder climate, where I might be out of doors, and following his advice I am thinking of going abroad for the winter, either going abroad or to southern California, probably abroad.

The CHAIRMAN. I may state that the purpose of that inquiry was to show why this hearing is held at this time. My associate on the committee, Mr. Dent, and myself are very anxious to have Mr. Davis, the other member of the subcommittee, present at these hearings; we had determined to delay them with the hope that he would return to the city soon, but it came to us that the witness, whose testimony we are now about to take, owing to his physical condition, was contemplating leaving the city soon, and in order not to inconvenience him we have determined to go on with the hearings at this time.

Mr. FOSTER. I might say in that connection that my associate counsel in the business which, I presume, you are to inquire about will be within call of the committee at any time, and he is as well informed about those affairs as I am—Mr. Robert Lansing.

The CHAIRMAN. All right. You have served the National Government in different capacities, have you not?

Mr. FOSTER. I have.

The CHAIRMAN. Will you kindly state when your first service commenced with the Government and what it was?

Mr. FOSTER. My first service to the Government began in 1861; I was commissioned as a major in the Union Army by Abraham Lincoln, President of the United States, and I suppose that would be the beginning of my service under the Government.

The CHAIRMAN. That was in a military capacity.

Mr. FOSTER. That was in the military service of the Government.

The CHAIRMAN. I have reference to service rendered in a civil way to the Government and not in a military way.

Mr. FOSTER. I suppose you refer especially to my diplomatic service?

The CHAIRMAN. Yes.

Mr. FOSTER. I was appointed minister to Mexico by President Grant in 1873. Do you want me to give a consecutive account?

The CHAIRMAN. Yes; not minutely, but a general outline of your services.

Mr. FOSTER. I remained in Mexico as minister until 1880. I was transferred by appointment of President Hayes as minister to Russia, and served there for a year and a half, when I resigned my commission and returned to the United States, and, as I have stated, established my residence in Washington and began the practice of my profession as a lawyer.

The CHAIRMAN. When were you again connected with the Diplomatic Service, if you were?

Mr. FOSTER. I was afterwards appointed by President Arthur minister to Spain in 1883 and remained in the service until the latter part of 1885.

The CHAIRMAN. Then what was your next service?

Mr. FOSTER. If I had known you were going into that personal history, I would have made an examination as to dates; but I think I can state it without being far wrong. The next service which I rendered the Government could hardly be considered of an official character. I was practicing my profession in Washington and was employed by Mr. Blaine to assist him in the negotiation of the reciprocity treaties under the McKinley bill. Mr. Lansing suggests that Mr. Cleveland sent me back to Spain as minister. I had returned home in 1885 and had tendered my resignation. My resignation was still pending and had not been acted upon when Mr. Cleveland was inaugurated, and Mr. Bayard, his Secretary of State, asked me to return to Spain with a special view to carrying on some negotiations which they thought might be effected through me better than through any other person, and I returned to Spain for six months under that, and then resigned, although Mr. Bayard had said to me that I could remain in the service as long as I chose. But I did tender my resignation to Secretary Bayard and returned home, as I have stated.

Now, returning to what I was about to state. I will repeat that I was employed by Mr. Blaine to assist in the negotiation of the reciprocity treaties under the McKinley Act of 1890.

The CHAIRMAN. Then were you afterwards Secretary of State?

Mr. FOSTER. Upon the resignation of Mr. Blaine I was appointed by President Harrison as Secretary of State and remained Secretary of State until his term expired.

The CHAIRMAN. Then were you connected with the State Department after that time in any capacity?

Mr. FOSTER. I was not connected with the State Department directly, but I held commissions for service under the direction of the State Department after that time. I might state that I was appointed agent of the United States to represent the Government as agent in the presentation of the case of what was known as the Bering Sea question, or the fur-seal arbitration, at Paris in 1893. I acted in that capacity during the pendency of that arbitration. I was also appointed by President McKinley a member of what is known as the Anglo-American Joint High Commission for the adjustment of pending questions between Canada and the United States, of which Vice President, then Senator, Fairbanks was the American chairman and Lord Herschell the British member, and I served for a few months in that capacity.

The CHAIRMAN. Well, were you in the employment of the Government after that time?

Mr. FOSTER. Yes, sir. I think my last employment with the Government was when I was appointed agent by President Roosevelt to represent our Government before the London tribunal which had to adjust the Alaskan boundary, and I acted in that capacity for, I think, six or eight months.

The CHAIRMAN. What was the date of that?

Mr. FOSTER. That was from March, 1903, up to October or November of the same year.

The CHAIRMAN. March, 1903, until October or November of the same year?

Mr. FOSTER. Yes, sir. My pay was made in a lump sum; I think there was no definite period, but I was paid a lump sum, and I think I made my final report in November.

The CHAIRMAN. Had you been employed in any capacity by the administration or by the State Department in the year previous to that?

Mr. FOSTER. I can not state with accuracy, but I should say not. Just when my service as a member of the Joint High Commission terminated I could not say now without referring to notes, but I think my service with the Government terminated in that connection in April, 1900, some time in 1900. The records at the State Department will show this.

The CHAIRMAN. Now, you were in the meantime practicing law here, were you not—that is, in Washington—when you were not engaged otherwise?

Mr. FOSTER. Yes, sir; when I was not in the service of the Government; that is to say, when I was agent of the Government in these different capacities my whole time was occupied and I did not practice my profession.

The CHAIRMAN. I will ask you if along about this same time——

Mr. FOSTER (interposing). I think I might state that while I was on the Joint High Commission it was a service in which six of us, I think, on our side constituted the members of the commission, and we had only occasional meetings, and it did not interfere with my general practice.

The CHAIRMAN. You were drawing a salary from the Government, though, for that service, were you not?

Mr. FOSTER. I think we were paid a per diem when we were on duty; that is my recollection.

The CHAIRMAN. Well, now, along about the same time were you representing the Chinese Government in any capacity, as attorney or otherwise?

Mr. FOSTER. I was employed by the Chinese Government in 1886 to present the claims of its subjects to our Government growing out of the Rock Springs (Wyo.) riot of, I think, the year previous—probably 1885—and I have from that time to the present been more or less the legal adviser of the Chinese Government. Whenever they needed my services they called upon me. I was called to China, to Japan and China, in 1894 or 1895; I was invited by the Emperor to assist in the peace negotiations with Japan, to assist Li Hung Chang, the commissioner of the Chinese Government. I have from time to time rendered various services to that Government.

The CHAIRMAN. During those years have you been drawing an annual salary from the Chinese Government?

Mr. FOSTER. Part of the time I have and part not.

The CHAIRMAN. Were you in 1900, 1901, 1902, and 1903, or in any one of those years?

Mr. FOSTER. I think I was.

The CHAIRMAN. During all of those years?

Mr. FOSTER. To be very accurate I should have to refresh my memory, but I think for the greater portion of that time I was drawing a salary or paid an annual retainer from the Chinese Government.

The CHAIRMAN. Can you furnish the committee with definite information on that proposition?

Mr. FOSTER. What is your question?

The CHAIRMAN. Whether you were drawing an annual salary from the Chinese Government for the years 1900, 1901, 1902, and 1903, or in any one of those years?

Mr. FOSTER. I was during some portion of the time and probably during the whole time.

The CHAIRMAN. Did you also, as attorney, in connection with Mr. Lansing, represent Mrs. Amidon in the claim presented against the Chinese Government, known as the Ward estate claim?

Mr. FOSTER. Yes, sir; I did represent her as attorney.

The CHAIRMAN. When were you employed? Can you give us the date?

Mr. FOSTER. I think I can, accurately. I was first requested by Mrs. Amidon, in a letter dated December 26, 1901, to take charge of the case. My answer to her was that I was hardly willing to undertake the case. She repeated her request, and brought to me a letter from a very intimate and personal friend of mine who had been representing her previously in the case. He urged me to take it as a favor to him as well as to Mrs. Amidon, that he was not able on account

of his health to continue it longer, and asked me if I would not undertake it, which led me to make a more full examination of it, and I think about January 18, 1902, I asked her to come to Washington and confer with me, which she did, and we arranged that I, in connection with Mr. Robert Lansing, should undertake the prosecution of the claim.

The CHAIRMAN. Why did you hesitate in the first instance about taking the claim?

Mr. FOSTER. In the first place, I understood that it was to be a contingent fee, and I was at that time declining to take business of that character, and, in the next place, I thought it was a doubtful claim to collect; not that I had any doubt about the merits of the claim, but because of its age and its condition before the Chinese Government and the State Department I thought it would be difficult to make a successful prosecution of it, and I did not care to undertake it. What mostly moved me to take it was this request of my personal friend that I should do so, and upon the understanding that Mr. Lansing would come to Washington and assist me in the case I undertook it.

The CHAIRMAN. Before you finally entered into an agreement with her, did you make an examination into the claim—that is, as to the merits of it?

Mr. FOSTER. Before I entered into an agreement with her?

The CHAIRMAN. Yes.

Mr. FOSTER. Well, having had some connection with the Chinese Government, having been in China twice during my life and being pretty well informed about Chinese history, I knew more or less about the merits of this case. Being a lawyer and, as I say, being pretty well informed in Chinese affairs, I did not, when she asked me to take it, go into a thorough examination of it before I agreed to take it. I knew very much about the merits of the case in advance as a historical fact.

The CHAIRMAN. Did you know at the time you agreed to take the case that different Secretaries of State had had the matter up with the Chinese Legation and the Chinese Government?

Mr. FOSTER. Yes, sir; I was aware of those things.

The CHAIRMAN. Did you also know at that time that China did not recognize this claim as being a just claim against their Government?

Mr. FOSTER. I could hardly say that; I knew that the Chinese Government had declined to pay it for various reasons, but I did not know then and I do not know now that China ever refused to pay it upon its merits. They set up defenses against the payment of the claim for various reasons, which I could explain if you are going into the history of this Ward claim of 50 years' standing.

The CHAIRMAN. I would like to get you to state when the claim originated—in what year?

Mr. FOSTER. In 1862.

The CHAIRMAN. It had no connection, then, of course, with the Boxer War?

Mr. FOSTER. None at all, because it occurred 30 or 40 years before that war—40 years before.

The CHAIRMAN. Are you familiar with the report that Minister Denby made on this claim in 1887?

Mr. FOSTER. I am.

The CHAIRMAN. Were you familiar with that report at the time you were prosecuting this claim?

Mr. FOSTER. I was when I was prosecuting the claim, yes; and we referred to it in our memorial that was presented to the Government in laying the claim before the State Department.

The CHAIRMAN. And you were familiar with the fact that that report mentioned the fact that that Ward claim had been paid in full, with 9 per cent interest, in 1893?

Mr. FOSTER. I was not aware of that fact, and I am not aware of it now, that Mr. Denby ever made any such statement.

The CHAIRMAN. Do you know of any other claim than the F. T. Ward claim against the Chinese Government?

Mr. FOSTER. In what connection? In connection with the Gen. Ward claim that I represented?

The CHAIRMAN. Yes.

Mr. FOSTER. Yes, sir; there were a number of other claims.

The CHAIRMAN. A number of other Ward claims?

Mr. FOSTER. A number of other claims that originated at the same time.

The CHAIRMAN. All being known as the Ward claims?

Mr. FOSTER. Yes; there were a number of claims known as the Ward claims; that is, the Ward claims included the Gen. Ward personal claim and the claims of other American citizens or merchants growing out of the operations of Gen. Ward's army in China. There were a number of Americans who had claims against China growing out of the transactions of his army which were also termed the Ward claims; they all bore that general name.

Mr. DENT. Did they not have a separate and distinct name for those claims?

Mr. FOSTER. When they came to be precise and in separating the claims there was a distinction; there were the Ward claims, or the Ward corps of claims, meaning the same thing, and the Ward estate claims. The Ward estate claims specifically referred to the Gen. Ward claim.

Mr. DENT. That was his personal claim?

Mr. FOSTER. Yes, sir; the one which we represented.

Mr. DENT. That is the one you represented?

Mr. FOSTER. Yes.

Mr. DENT. The other Ward claims were claims growing out of the operations of the army that he had charge of over there?

Mr. FOSTER. Yes; the general term "Ward claims" was applied to and included them all; very often the one term was used. I think, Mr. Hamlin, you are mistaken in inferring that Mr. Denby states that this Gen. Ward claim had been paid in full; you misunderstand his report because that was not a fact.

The CHAIRMAN. Mr. Denby was reporting on the Ward estate claim, was he not?

Mr. FOSTER. Yes, sir.

Mr. DENT. That is the personal claim that you refer to?

The CHAIRMAN. Yes. I call your attention to this language in Mr. Denby's report:

Mr. Young had succeeded in having the Ward claims and the Hill claim referred to the viceroy, Li Hung Chang, at Tientsin. In dispatch 102, of date

January 13, 1883. Mr. Young gives a copy of his confidential instructions to Mr. Holcombe. It will be seen that no allusion was made to the Ward estate claim. Mr. Young reports the settlement reached by Mr. Holcombe and the payment by the viceroy of \$52,246.56. He says: "This payment is a settlement in full of what are known as the Ward claims, principal and interest at 9 per cent."

Mr. FOSTER. That has reference to the Ward claims of the merchants who held claims against the Chinese Government for the transactions of Ward's army; it especially states there that it did not include the Ward estate claim.

The CHAIRMAN. I am asking you whether there was any other Ward claims than the claim which you represented?

Mr. FOSTER. Oh, yes; I have already stated, in answer to Mr. Dent's inquiry, that there were. I think probably it will clear your mind on the subject if I would state a little more fully in regard to these claims. Gen. Ward was commanding what was called the "Ever Victorious Army," which was a separate branch of the Chinese army in its warfare against the Taiping rebellion; sums of money were advanced and supplies furnished by American merchants, and others; steamers were also furnished, and out of these arose claims. There was one, for instance, that was not settled at that time, which is referred to by Mr. Denby as the Hill claim, but which was paid off subsequently; that was for a vessel furnished to the Chinese Government. Now, what Mr. Denby refers to as being paid are these claims of the merchants for supplies and other aid furnished to Ward's army, and subsequently you will see he refers to the payment of the Hill claim; that is, in 1885. Do I make it a little clearer to you?

The CHAIRMAN. Yes; I understand you. Now, Mr. Denby's conclusion seems to be that there was no merit in this Ward estate claim.

Mr. FOSTER. He reached that conclusion.

The CHAIRMAN. Had the Ward estate claim been arbitrated years before by this Government and China?

Mr. FOSTER. It had.

The CHAIRMAN. Had any of these other Ward claims that you refer to been arbitrated?

Mr. FOSTER. They had.

The CHAIRMAN. They had all been arbitrated, had they?

Mr. FOSTER. Well, I do not remember whether they were all arbitrated or not, but a number of them were arbitrated; that is to say, an award was rendered by a commission in regard to these claims; the payment did not follow, however, the award.

The CHAIRMAN. Now, how much was the principal of this claim, this Ward estate claim?

Mr. FOSTER. The principal of the claim was rendered by the arbitrators at 110,000 taels.

The CHAIRMAN. Do you know how much that would have been in our money?

Mr. FOSTER. The value of a tael at that time was \$1.60, and that would be \$176,000; that is, in 1862.

Mr. DENT. In what year was that—I mean, when the arbitration was had?

Mr. FOSTER. That was May 3, 1863.

The CHAIRMAN. How much money did you collect?

Mr. FOSTER. \$368,237.

The CHAIRMAN. And it was paid out of what fund?

Mr. FOSTER. It was paid out of the Boxer indemnity fund.

The CHAIRMAN. Where did we get that fund and under what circumstances? I want the record to show.

Mr. FOSTER. The Boxer indemnity fund was a fund which had been agreed upon by a protocol between the Chinese Government and the representatives of the foreign powers, including the United States. The protocol was signed September 7, 1901, and the money was supposed to be to indemnify the Government and the subjects and citizens of the Government for losses sustained during the Boxer uprising.

The CHAIRMAN. In 1899 and 1900?

Mr. FOSTER. 1900.

The CHAIRMAN. Then, how did you get this claim that originated back in 1862 paid out of a fund that had been given us by China to indemnify us against damages arising out of the Boxer War in 1900?

Mr. FOSTER. By an agreement between the Chinese Government and Mr. Hay modifying the protocol of 1901 so as to authorize the payment of that claim.

The CHAIRMAN. Have you a copy of that modification?

Mr. FOSTER. Well, I would like, at a proper time, to give you a consecutive statement in regard to all these matters which you inquire about, as I can not very well do it in answer to your questions alone. If you would consider it proper I can at this time give you the history of the payment of this claim by Secretary Hay and the reasons for the payment, if you would consider it proper for me to do so.

The CHAIRMAN. Go ahead.

Mr. FOSTER. It would be in response to your inquiry; I have the facts collated here.

In the first place, I will call your attention to the Statute at Large of the Fifty-fourth Congress, 1895-1897, page 32, the same being an act of Congress, which reads as follows:

Hereafter all moneys received by the Secretary of State from foreign governments and other sources, in trust for citizens of the United States or others, shall be deposited and covered into the Treasury.

The Secretary of State shall determine the amount due claimants, respectively, from each of such trust funds, and certify the same to the Secretary of the Treasury, who shall, upon the presentation of the certificate of the Secretary of State, pay the amount so found to be due.

Each of the trust funds covered into the Treasury as aforesaid is hereby appropriated for the payment to the ascertained beneficiaries thereof on the certificates herein provided for.

This statute confers upon the Secretary of State the power to determine who are the claimants, and the amounts due, and it also obviates the necessity of an appropriation by Congress to pay the same out of said trust fund.

The CHAIRMAN. In that connection, I want to ask you, do you know how that fund has been considered and carried by the Treasury Department, whether as a trust fund, or whether the money went into the general fund?

Mr. FOSTER. I understand it was treated as a trust fund.

The CHAIRMAN. How did you get that understanding?

Mr. FOSTER. I do not know how it came about, but it went into the Treasury just as all trust funds go into the Treasury, to be paid out upon the certification of the Secretary of State. The money was deposited in the Treasury Department.

Now, I claim that Secretary Hay had full power to modify the conditions of the indemnity to be paid by China to the United States under article 6 of the protocol of September 7, 1901, signed between the plenipotentiaries of China and the foreign powers, in such manner as might be agreed upon with China.

The protocol of September 7, 1901, was merely a diplomatic agreement made between the representatives of China and of 11 foreign powers, requiring China to do certain acts because of the Boxer insurrection. Its approval by the Senate of the United States was never asked and it was never given. Hence it never assumed the form of a treaty or became a part of the public law of the United States.

Under article 6 of this protocol China obligated herself to pay to the United States a specified sum as an indemnity for losses and expenses incurred by reason of the Boxer disturbances. Subsequently and before any payment on the indemnity was made the Chinese Government requested Secretary Hay to so modify the terms of the indemnity as to include in this the payment of the Ward claim, as a matter of long-delayed justice, and Secretary Hay agreed to this modification.

I will now read that request of the Chinese Government, which is responsive to your question. This is a reply headed "A reply from Prince Ch'ing, president of the board of foreign affairs, to Hon. E. H. Conger, envoy extraordinary and minister plenipotentiary of the United States":

On the 23d of the ninth moon of the XXVIII year of Kuanghsu (October 24, 1902) I received your excellency's dispatch, presenting the claim of the heirs of Gen. Frederick T. Ward, which you hoped would be carefully examined and given such equitable consideration as it justly merited; forwarding also a translation of the history of the claim for perusal that such satisfactory measures might be taken as would result in the payment of this long-delayed claim to the heirs of Gen. Ward, which would show forth the good feeling and friendly relations prevailing between our two countries.

On examination I find that this is a case of many years' standing, and that there is now no way to enter into a consideration again of the details. But since the said deceased official years ago led troops to assist in suppressing rebellion and meritoriously laid down his life, and since your excellency now pleads the cause of his heirs, we, prince and ministers, are also unable not to reflect upon his former services, and are most willing to do something to emphasize the friendly relations existing between our two countries.

At present, however, China is greatly embarrassed by the indemnities to be paid, her financial strength is in an unusually exhausted condition, and it is not easy to provide the funds needed to pay this claim. Under these difficult circumstances, which I think are also well known to your excellency, if it should be possible for your honorable Government to devise some way of making payment to the heirs of the said deceased official from the indemnity due to your honorable country from China under the protocol of September 7, 1901, so that this case of years' standing may be thus settled, we, prince and ministers, shall certainly be most willing. We believe that the friendly feelings entertained by your excellency will prompt you to assist in accomplishing this result.

A necessary reply.

Kuanghsu XXVIII year, tenth moon, 1st day (October 31, 1902).

This reply having been received by Mr. Hay, he agreed to so modify the treaty. Secretary Hay was not only empowered under diplomatic usage and international law to do this, but he was fully justified by the circumstances attending the negotiation. He well knew from the beginning of the negotiations that the amount of the indemnity claimed by the European powers was greatly exaggerated,

and he sought to have it reduced. He cabled Mr. Rockhill, the American minister and the representative in the making of this protocol, to have the total amount of the indemnity kept within the limit of £40,000,000, or, approximately, \$200,000,000. This will be seen by reference to the Appendix to Foreign Relations of the United States, 1901, page 366. Mr. Rockhill in his report to the Secretary of State on this phase of the negotiation states that he was not able to induce the European powers to accept this sum, and he uses this language:

Though it became necessary after protracted discussion in the conference to accept the proposition of the other powers to demand of China the sum total of their losses and disbursements, reaching the enormous sum of \$333,000,000, our insistence in pressing for a much lower sum, and the weight of the argument as used in favor of such a policy, resulted in closing the indemnities at the above lump sum, when they bid fair to go on swelling indefinitely.

This will be seen by reference to Appendix to Foreign Relations of the United States, 1901, page 6.

The exaggerated amount having been agreed upon, there was nothing for Secretary Hay to do but claim our ratable apportionment of this lump sum. Knowing that the amount exacted of China was unreasonable and far beyond the real losses and expenses incurred, he early advised the President to make known at the proper time our intention to return to China the overplus. Secretary Root, in a letter to the Chinese minister, dated June 15, 1907, said:

It was from the first the intention of this Government, at the proper time, to voluntarily release China from the legal liability for all the payments in excess of the sum which should prove to be necessary for actual indemnity to the United States and its citizens.

The same statement was made by the President in his message to Congress of December 3, 1907. I refer you to House Document No. 1275, Sixtieth Congress, second session, pages 5 and 6.

Hence it follows that knowing our Government was under the protocol to receive from China a large sum, which it would honestly have to return (over \$11,000,000), Secretary Hay felt himself authorized to so modify the protocol, at the express request of China, as to allow payment of the Ward claim. This payment was not a misappropriation of the indemnity fund, but duly made in accordance with the modification of the protocol agreed upon between China and the United States.

Secretary Root some years later had occasion to examine the action of Secretary Hay in this matter in connection with other American claims, and he decided that the payment of the Ward estate claim was a proper one.

You have asked about the appropriation of money for one purpose and its use in payment of claims for another purpose arising out of different circumstances. We have more than one illustration of that, showing the view of Congress on that subject, but cite this Hill case, which is referred to by Mr. Denby. In 1858 China made a treaty with the United States, duly ratified by the Senate, by which a lump sum was paid by China to satisfy the claims of American citizens sustained at Canton in 1840, during the British-Chinese opium war. An American commission passed upon these claims, and after all awards were paid there remained a large balance in the Treasury of the United States. In 1885 Congress passed an act

(Mar. 3, 1885) returning to China \$583,400.90, after authorizing the deduction of \$130,000 in payment of the claim of C. E. Hill, for losses sustained in 1862 in the Taiping rebellion, which occurred more than 20 years after the opium war.

This fund was one which was received from China to pay claims arising out of different circumstances. Now, I want to remark in this connection that if Mr. Hay had declined to enter into this agreement with the Chinese Government, or to accede to their request to so modify the protocol, and had refused to pay this claim, what would have been the result? That amount of money, \$386,000, would simply have been added to the \$11,000,000 which were returned to China, and would have been paid back to China. The Chinese Government would have been compelled under its sense of honesty and consistency to have paid that claim to the heirs, after having recognized the claim as one proper to be paid.

The CHAIRMAN. Then, if the claim was so just and so apparent to China, why was it with so much hesitation that you took charge of the claim? Why had it been turned down so frequently?

Mr. FOSTER. Let me answer that by reading a little memorandum.

The CHAIRMAN. I would like for you to answer that question.

Mr. FOSTER. In the first place, I want to say that it was not turned down frequently.

The CHAIRMAN. Well, it had been turned down?

Mr. FOSTER. I will answer that question further, but I would like to show what the facts were as to the action of our Government in connection with this claim. Would not that enlighten the committee some?

The CHAIRMAN. You may go ahead.

Mr. FOSTER. The claim was awarded as a just and valid one by an arbitration commission, March 3, 1863.

Hon. Anson Burlingame, the American minister in China when the event occurred upon which Gen. Ward's claim was founded, wrote Mr. George F. Seward, then consul general at Shanghai, August 16, 1864, as follows:

Before I brought this claim to the attention of the Chinese Government, both Dr. Williams [secretary of the legation] and myself made a most careful investigation of the papers and came to the unqualified conclusion that it was just.

The records of the Department of State show that for more than 20 years the Ward claims were pressed upon the Chinese Government by succeeding American ministers. Under date of March 22, 1872, Consul General Seward wrote:

Successive American ministers have indicated their sympathy with the claimants, and their approval of the steps taken by me. The failure to press the claims at the capital has resulted from no doubt as to their validity, but has been the result of circumstances, and, to an extent, of that indisposition to press pecuniary claims felt by all diplomatic officers.

I refer you to Senate Executive Document No. 48. Forty-fifth Congress, page 9.

Ten years later we find the American minister, John Russell Young, pressing the Chinese Government for a settlement of the Ward claims, and in reply to Prince Kung, the prime minister, under date of October 17, 1882, writes:

The claims have been pending for 20 years. Some five or six successive ministers, both at the capital and in the Provinces, have discussed them in all ways until the correspondence on these subjects would make more than a foot in height. There is naturally nothing more that can be said about them at this time.

I refer you to Senate Executive Document No. 169, Forty-eighth Congress, first session, page 33.

One of the obstacles encountered to the settlement of the Gen. Ward claims was an offset which the Chinese Government claimed should be allowed on account of funds advanced by it to Henry Ward, a brother of Gen. Ward, for the purchase in Europe of vessels and military supplies. To facilitate a settlement the executrix of the estate agreed to allow this offset. Thereupon Secretary Evarts sent the following instructions to the American minister at Peking, dated March 2, 1881:

In view of the very liberal concession which the claimants have made to that Government, it is now confidently hoped that China will speedily take action looking to the satisfactory adjustment of these long-standing claims, founded upon an award, which entitles them all the more to favorable consideration.

You will therefore advise the Chinese Government of the willingness of the claimants to settle upon the basis herein proposed, viz, by a deduction in favor of that Government of 42,300 taels from the original award, which leaves a balance of 57,691 taels. For this latter sum, with interest from March 3, 1863, you will now apply to that Government for payment, and thus continue to press the claim for settlement in the same manner it has heretofore been presented, by the use of your good offices, urging the strong equities of the claim in view of the meritorious services of Gen. Ward in behalf of China at a critical period.

This positive action of the Department of State, affirming the validity of the claim, having produced no satisfactory result, six years later the claimant procured from Secretary Bayard an instruction to the minister at Peking, Mr. Denby, to investigate and report upon the claim or renew the effort to secure its settlement. Mr. Denby reported that he had investigated the claim and could not advise its renewed presentation to the Chinese Government. Thereupon Secretary Bayard notified the attorney for the claimant that:

The department was of opinion that the claim, as presented, was not one which this Government would be justified in pressing further upon the Government of China. (Foreign Relations of the United States, 1888, p. 227.)

Against the opinion of Mr. Denby on the merits of the claim, formed more than 25 years after the events, may be offset the opinion of Mr. Burlingame, who was on the ground at the time the events occurred and was personally cognizant of them, and who "made a most careful investigation of the papers and came to the unqualified conclusion that the claim was just." It does not appear what motive influenced the action of Secretary Bayard in declining to follow the course of his predecessors in the department. It may have been the one referred to by Consul General Seward, to wit: "That indisposition to press pecuniary claims felt by all diplomatic officers."

Secretary Blaine observed the decision of Secretary Bayard, but Secretary Hay returned to the practice of his earlier predecessors and instructed the American minister at Peking "to express the hope that the claim may have such attention as the Chinese Government may consider it equitably entitled to receive."

The newspaper charge is that the claim which was originally \$100,000 was swelled by us to \$386,000 when paid by the Department of State.

The claim as set forth in Gen. Ward's dying statement was in two parts, one for 110,000 taels. and 30,000 taels. It was submitted to arbitration and an award was given against the Chinese Government on March 3, 1863, for 110,000 taels. The Chinese tael is shown to have been at that time equal to \$1.60, making the adjudicated claim at that date \$176,000.

Of all the claims of that period similar to that of Gen. Ward, growing out of the Taiping rebellion, which were settled by the Chinese Government, interest was allowed up to the date of payment.

Minister George F. Seward, writing in 1877 respecting these claims, says:

There is no Government rate in China * * *. It is sometimes 12, 15, or 18 per cent or even more * * *. The Government pays about 9 per cent * * *. Ten per cent may fairly be expected. (S. Ex. Doc. No. 48, 45th Cong., 2d sess., 1878, p. 103.)

In a dispatch of Minister Seward to Secretary Evarts, July 26, 1877, he states that he has claimed 10 per cent interest on the Ward claims because the viceroy has already admitted that rate. He adds:

It is, moreover, the rate of interest which the Chinese Government has agreed to pay on a loan of 5,000,000 taels which they have just concluded. (S. Ex. Doc. No. 48, p. 120.)

On the Hill claim, which by express direction of Congress was paid out of the Canton indemnity, interest was allowed at the rate of 10 per cent. See Senate Executive Document No. 169, Forty-eighth Congress, first session, 1884, page 55.

If 10 per cent interest had been allowed on the Gen. Ward claim for the full amount awarded, the entire sum due at the time of settlement would have been over \$700,000 in place of the actual payment of \$386,000. But the executrix of the Ward estate, in order to bring about an amicable adjustment with the Chinese Government, agreed to allow an offset which had been urged against the claim, which reduced the principal to 67,691 taels, the equivalent of \$108,305. Calculating the interest at 10 per cent on this sum, the amount due at the time of settlement would have been over \$431,000, or a sum considerably in excess of the amount actually paid. But the claimants voluntarily consented to reduce the interest to 6 per cent.

Now, if that does not answer your question fully, I would be glad if you would put it to me again.

The CHAIRMAN. Did you have any difficulty in getting China to recognize this claim after you took it up?

Mr. FOSTER. The claim was presented by Mr. Conger to the Chinese Government. I did not present it to the Chinese Government, except that I used my personal influence with parties at Peking in having them to consider favorably the presentation of the case, as stated by Mr. Hay.

The CHAIRMAN. Have you any information as to whether Mr. Conger had any difficulty in having the Chinese Government to recognize the justice of the claim?

Mr. FOSTER. I think Mr. Conger was met at the beginning with this difficulty: The statement was made by the Chinese Government

that this was an old claim and that it could not be considered now. They said, "It has passed out of our memories and is now too old a claim for us to consider."

I think Mr. Conger's first presentation of the claim was met by these objections.

The CHAIRMAN. Did you have any communication direct with Mr. Conger during the time that he had the matter up with the Chinese Government?

Mr. FOSTER. I had a letter from Mr. Conger, after the claim had been allowed, giving some statement of his action in securing the allowance.

The CHAIRMAN. Have you a copy of that letter with you?

Mr. FOSTER. I have. Would you like for me to read it?

The CHAIRMAN. I would be glad for you to read that letter into the record.

Mr. FOSTER. This was written as a personal and confidential letter to me; but as Mr. Conger is dead and these things are long since passed and the transaction closed I do not consider it a breach of propriety to read it at the request of the committee in view of this investigation:

[Personal and confidential.]

LEGATION OF THE UNITED STATES OF AMERICA,

Peking, China, November 3, 1902.

DEAR MR. FOSTER: After numerous personal conferences with Prince Ch'ing and using every possible means of persuasion at my command, I have finally succeeded in securing the consent and request of the Chinese Government that the Ward claim might be paid out of the indemnity received by our Government under the provisions of the protocol of September 7, 1901. I feel quite certain that there will be a surplus in this fund, and I leave it to you to find some way to manage it at that end of the line.

I inclose, for your perusal only, copies of my correspondence with Prince Ch'ing, by which you, as an old Secretary of State, will see that I had to stretch my instructions—"to recall the matter informally to the Wai Wu Pu"—a good deal in order to do what I have done.

I have had some valuable assistance from Sir Liang Ch'eng, which I hope you will acknowledge when you see him.

It has been one of the most delicate affairs I have had to deal with, and once or twice I was about to give it up as impossible, but conditions upon the whole were favorable and my relations were such with Prince Ch'ing that I could almost make it a personal matter which he could not well refuse.

While there is no harm in letting it be known that the Chinese Government has recognized and acknowledged the claim, yet I would advise that it be not given out too publicly as yet that its payment is contemplated out of the "Boxer" indemnity. * * *

Very sincerely, yours,

E. H. CONGER.

I want to say, in connection with the reference to the valuable assistance from Sir Liang Ch'eng—and that will lead me to answer the question, or intimation rather, of the chairman—Mr. Liang Ch'eng had just been commissioned at that time as minister to the United States. He was still in Peking at the time Mr. Conger was urging this claim. Mr. Liang and I had been personal friends for a number of years. He came to this country as secretary and interpreter for the Chinese Government in the 80s some time. It was in 1884 or 1885, probably. He was educated in the United States and spoke English fluently, and I formed a pleasant and intimate acquaintance with him. I afterwards traveled with him on two journeys to Europe, but quite accidentally; that is, his mission was going to London to the jubilee, and I was on a mission for the Government; but I twice

crossed the Atlantic with him. The last time I saw him, before he went back to China, I told him that I would probably need his services in China in connection with this claim. He knew about the claim. He knew all about Gen. Ward, as all intelligent Chinese know about him. It is a part of the history of the country, and he had a certain knowledge of the claim. Secretary Hay notified me officially that he had sent the claim to Peking, and I wrote Mr. Liang Ch'eng, asking his assistance with Prince Ch'ing, who was the president of the foreign office. Now, Liang Ch'eng was a protégé of Prince Ch'ing; he had been the tutor of his children; his boys had learned English under him; and it was through Prince Ch'ing's influence that he had been appointed minister to the United States. So I exerted my influence in behalf of my client with Mr. Liang Ch'eng to bring his influence to bear on the foreign office. That more than anything else, so far as these incidents are concerned, led to the making of the agreement with China to recognize and pay the claim. If there is anything improper in that, you as lawyers can determine it. I apprehend that when you serve your clients you render them all the ability and opportunity that you have.

The CHAIRMAN. But you did understand from Minister Conger's letter that he had some difficulty in bringing the Chinese Government around to his way of thinking about this claim, did you not?

Mr. FOSTER. This letter is all that I have on the subject.

The CHAIRMAN. Well, is that the construction that you put on that letter? The construction I put on the letter is that he must have had some difficulty, rather than being an almost voluntary act on the part of the Chinese Government. Is that the construction you put upon it?

Mr. FOSTER. Yes, sir; and that difficulty I conceive was overcome by Mr. Liang Ch'eng exerting his influence upon the Chinese minister of foreign affairs.

The CHAIRMAN. And but for that Mr. Conger would not have succeeded?

Mr. FOSTER. No, sir; and I never would have taken the claim if I had not felt that I was able to bring influence to bear on the Chinese Government to secure favorable action.

Mr. DENT. As I understand it, you were the only man who could have collected this claim. Do not understand me as saying that it was improper for you to use your personal influence.

Mr. FOSTER. Well, other persons have said that I was the only person who could have collected it.

The CHAIRMAN. And you were at that time a regularly paid attorney of the Chinese Government, were you not?

Mr. FOSTER. Well, what do you mean by regularly paid attorney?

The CHAIRMAN. You were employed by the Chinese Government, were you not?

Mr. FOSTER. I was paid to render such services as they might require of me. My services to the Chinese Government were of an advisory character on some troubles that they might have, but I never was forbidden to take the claim of an American citizen against the Chinese Government. I will say this, that the Chinese Government knew fully of my relations to this case and knew fully the relation which I sustained to them. There was absolutely no concealment in the matter. I will illustrate it by saying that I have been counsel for

other legations in this country from time to time in particular matters. But I have never considered, and I do not think that attorneys do consider, that their retainer for rendering particular services disqualify them from taking claims of others for some different service.

Mr. DENT. Your employment was special?

Mr. FOSTER. Special and advisory. For instance, I never went into court for the Chinese Government, because that was not my business. Cases very frequently came up in the Supreme Court here, involving the immigration laws, for instance, but I was not employed for that purpose. I have been at times counsel for the Mexican Embassy, and all during the time that I was counsel for the embassy I repeatedly took claims of American citizens against the Mexican Government and presented them to that Government, and obtained payment on them, with the full knowledge of the embassy that I was entirely free to render such services. I never understood that as a lawyer I was debarred from taking a claim from the fact that some other lawyer had consulted me about the matter.

The CHAIRMAN. I was seeking to bring out the fact that during some of this time, at least, you were employed by our State Department.

Mr. FOSTER. I was not in their employ, as I wrote you before I left in June.

The CHAIRMAN. But I understood you at the beginning of the investigation to-day to say that you perhaps were employed in some capacities during the years 1901 and 1902 by the State Department on some special work.

Mr. FOSTER. I was a little indefinite as to that. The only service I did was in respect to that High Joint Commission, and I think that commission terminated in 1901 or 1900. I want to state to you distinctly now, as I have stated to you in writing, that at the time I was engaged in the prosecution of this claim, and during the time of my connection with this claim, I had no connection whatever with the Department of State, and had no employment from it. Neither Mr. Lansing nor myself had any employment from the department during that time. Subsequent to that time I was employed by the Secretary of State to represent our Government before the London tribunal for the determination of the Alaskan boundary.

The CHAIRMAN. How soon was that after the payment of this claim?

Mr. FOSTER. That claim was allowed and the payments began under it on January 30, 1903, and I was employed by the Government on the Alaskan boundary on March 5, 1903.

The CHAIRMAN. Then, there was a little interim, during which you were presenting this claim, in which you were not in the employ of the department?

Mr. FOSTER. There was a considerable interim.

The CHAIRMAN. I understand that your connection with the Joint High Commission——

Mr. FOSTER (interposing). That must have terminated in 1900 or 1901.

The CHAIRMAN. When were you employed by Mrs. Amidon on this claim?

Mr. FOSTER. I was first solicited by her to take it in December, 1901, and formally undertook it after she made me a visit on January

18, 1902. The claim was pending for a little more than a year before it was allowed and payments began.

The CHAIRMAN. Now, I want to go back for a moment. I do not know whether I quite understood you. In this indemnity agreement, you say the Ward claims referred to in that were not in the Denby report; that the Ward claims referred to in that report——

Mr. FOSTER (interposing). As being paid——

The CHAIRMAN (continuing). Were not the claims you represented?

Mr. FOSTER. That is correct.

The CHAIRMAN. Then you testified in a case before one of the courts in New York. I do not believe this indicates which court it was. It was in a suit in which Mrs. Amidon was interested; it was in the surrogate's court, I believe. At any rate, Mrs. Amidon was one of the parties interested. Do you remember testifying there in a case in which Mrs. Amidon was interested as a party?

Mr. FOSTER. Yes, sir.

The CHAIRMAN. I will call your attention to this language: In referring to the F. T. Ward claim, the claim that you had presented and collected, I ask you whether you made this statement: "It was dead, and Mr. Denby's report especially had killed it." Do you recollect making that statement?

Mr. FOSTER. Yes, sir; I suppose I must have made such a statement.

The CHAIRMAN. Then, on the same occasion did you not use this language: "But, to be frank about it, we thought it better to say as little about the Denby report as possible"?

Mr. FOSTER. That is correct.

The CHAIRMAN. Why did you deem it important in the prosecution of this claim to say as little about the Denby report as possible?

Mr. FOSTER. Well, in our memorial, which went fully into the merits of the claim, we mentioned Mr. Denby's report in that memorial, but we did not consider it necessary at that time to take up Denby's report and consider it, but, if in the prosecution of the case, the department had interposed Denby's report as an obstacle to the Government again presenting it to the Chinese Government, it would have been proper for us to discuss the Denby report. But why should we anticipate trouble before we came to it? We went all over the facts that Mr. Denby went over at that time.

The CHAIRMAN. Now, you took this matter up frequently with the Secretary of State, did you not?

Mr. FOSTER. Yes, sir.

The CHAIRMAN. Before presenting it to the Chinese Government?

Mr. FOSTER. I had a few conversations with him.

The CHAIRMAN. And, also, with the solicitor of the department?

Mr. FOSTER. Yes, sir.

The CHAIRMAN. Who was Judge Penfield?

Mr. FOSTER. Yes, sir.

The CHAIRMAN. Now, in any of these conferences you had with the Secretary of State or with the solicitor of the department, was the Denby report referred to?

Mr. FOSTER. I can not say positively now. It certainly was not discussed with the Secretary. The solicitor had one of his clerks—a very competent clerk—to prepare a full brief of the Ward claims, and he had that before him. Now, I can not say whether we dis-

cussed the Denby report or not in our discussions. I never had any discussion with the solicitor about the merits of this claim specifically. My object was to get the claim sent back to China in any way that we could get it there, in order that the influence which I knew I could bring to bear on the Chinese Government would bring about a satisfactory result, without going into a discussion of the merits of the claim with our Government. Now, I do not know whether I discussed that report with Judge Penfield. I desire to say in this connection that I have the highest confidence in Judge Penfield, and esteem him as a friend, but I have no recollection of our having discussed the merits of the claim. After the Secretary allowed the claim, then I had considerable to do with the solicitor, because we had to determine several things. We had to determine the amount of the interest; we had to calculate the interest; we had to determine the value of the tael, and had to determine some obstacles as to other claimants who seemed to have some claim upon this estate. We had to consider various matters of detail in the adjustment of the claim after it was allowed by the Secretary.

As I say, I had a great deal to do with Judge Penfield, but I relied upon the reasonableness of our request to the Secretary to send the claim back to China for their consideration. Now, you have referred to the testimony given in New York, and I would like to make a little statement with your permission. Mrs. Amidon, my client and the executrix of the estate, had been sued in New York, in the surrogate court. She had been required by the surrogate court to make an accounting of her administration of this estate, and she had reported having allowed Foster and Lansing a certain sum of money as their fee. Our fee had been objected to as an unreasonable fee, and she was in trouble about getting it allowed. I do not know how far it is proper for me to go into this examination in New York, because it has nothing to do with this question.

The CHAIRMAN. I do not think it has anything to do with it.

Mr. FOSTER. And I would never have referred to it.

The CHAIRMAN. I referred to it only in connection with what you have said about the Denby report.

Mr. FOSTER. I submit to you whether my relation to my client is a subject matter of investigation here?

The CHAIRMAN. No, sir; it is not.

Mr. FOSTER. Then, I will pass that over by saying that I did a little boasting there, because I supposed it was a private examination before a referee in the surrogate court in New York, and that it would go no further. I would like to lay that aside now. I do not see what connection it has with the object of your inquiry. I do want to explain to you a little further about why the Chinese Government had not paid the claim up to the time that Denby investigated it. This claim arose out of services rendered by Gen. Ward to the Chinese Government. I suppose you have read our memorial, which sets forth the foundation of this claim.

The CHAIRMAN. I have seen it.

Mr. DENT. I have not.

Mr. FOSTER. I will furnish you a copy of that for your perusal. I think I can introduce the subject by referring to the fact that Gen. Ward's services were reported by President Lincoln to the Congress of the United States at the time these events occurred in 1862. That

great Tai-ping rebellion was going on, when he went to Shanghai and offered his services to the Chinese Government. That was a great rebellion in which more than 25,000,000 people lost their lives. It was the greatest civil war of all times, and our Civil War can not be compared with it. It was Gen. Ward who first checked that rebellion which was destroying the Chinese Government. This is the report presented to Congress on the death of Gen. Ward:

To the Senate of the United States:

In compliance with the resolution of the Senate of the United States of yesterday, requesting information in regard to the death of Gen. Ward, a citizen of the United States in the military service of the Chinese Government, I transmit a copy of a dispatch of the 27th October last, and of its accompaniment, from the minister of the United States in China.

ABRAHAM LINCOLN.

WASHINGTON, *February 6, 1863.*

Mr. Burlingame to Mr. Seward.

LEGATION OF THE UNITED STATES,
Peking, October 27, 1862.

SIR: It is my painful duty to inform you of the death of Gen. Ward, an American, who had risen by his capacity and courage to the highest rank in the Chinese service. He was shot and mortally wounded while reconnoitering, before its capture, Tsz-ki, a place near Ning-po. The incidents attending his wound and death please find in the edict of the Emperor, marked "A."

Gen. Ward was originally from Salem, Mass., where he has relatives yet living, and had seen service in Mexico, the Crimea, and, he was sorry to say, with the notorious Walker.

He fought, at the head of a Chinese force called into existence and trained by himself, countless battles, and always with success.

Indeed, he taught the Chinese their strength, and laid the foundations of the only force with which their Government can hope to defeat the rebellion.

Before Gen. Ward died, when on board of Her Majesty's steamer *Hardy*, he made his will and named Admiral Sir James Hope and myself his executors.

In a letter communicating the fact to me, Sir James writes:

"I am sure you will be much grieved to hear of poor Ward's death.

"The Chinese Government have lost a very able and gallant servant, who has rendered them much faithful service, and whom it will not be easy for them to replace."

On account of my absence from Shanghai, I shall authorize our consul, George F. Seward, Esq., to act for me.

Gen. Ward was a man of great wealth, and in a letter to me, the last probably he ever wrote, he proposed through me to contribute 10,000 taels to the Government of the United States, to aid in maintaining the Union, but before I could respond to his patriotic letter he died.

Let this wish, though unexecuted, find worthy record in the archives of his native land, to show that neither self-exile, nor foreign service, nor the incidents of a stormy life could extinguish from the breast of this wandering child of the Republic the fires of a truly loyal heart.

Mr. DENT. Mr. Denby, in his report, pays him a high tribute.

Mr. FOSTER. Yes, sir. The objections which the Chinese Government made to this claim came about in this way: Gen. Ward, in what he intended as his last will and testament, said:

The taotai of Shanghai owes me 110,000 taels. The takee also owes me 30,000 taels—140,000 taels.

Woo was the taotai of Shanghai. The taotai is a man in high position; his position corresponds somewhat to that of mayor in this country, but he has a military authority as well as civil authority. At Shanghai Gen. Ward began his operations against the rebels. The takee was the financial agent of the Chinese Government. Woo

was the person who had the dealings with Gen. Ward, and made his arrangements with him, but the takee was the financial agent who had to receive the money. It was these men, he said, who owed him this amount. Now, the Chinese Government said that Woo and the takee must pay it.

Under the Chinese system, if an officer contracts to pay anything for the Government, he must raise the money himself and pay it off. So they referred the matter to arbitration. Woo went into the arbitration and backed out of it, and went into it a second time and backed out of it. They set up all kinds of defenses. The arbitrators came along and made an award, and Woo rejected the arbitration. That question was raised with the Chinese Government, but they said that a person holding a claim against the Chinese Government must present written evidence of the claim. The Chinese law does not recognize verbal evidence of indebtedness, but it must be in writing. Then they interposed the objection that Henry Ward, a brother of Gen. Frederick Ward, who had been delegated by the Chinese Government to go to Europe and the United States to purchase vessels for the war to be used in the suppression of the rebellion, had not fully accounted. They had given him a considerable sum of money, and they said that Henry Ward must give an account of his stewardship, and show how he had spent that money before they would settle with Gen. Ward. They stated that one claim was an offset against the other. They did not say that Henry Ward had misappropriated money, but they insisted that he should give an account of his stewardship. The representatives of Gen. Ward said, "Our claim has nothing to do with the matter of Henry Ward's delinquency, if he has any." Now, you will find by reference to the dispatch which I read that Henry Ward did make a report, and we agreed to allow his balance, which was stated there, to stand as an offset or be deducted from Gen. Ward's claim. Besides, it was not convenient for the Chinese Government to pay. If you gentlemen have had any experience with collecting claims like this against an impecunious government, you will appreciate the difficulty. Our own Government makes trouble sometimes.

This Denby report, which I see has impressed you very seriously, I will now discuss. Mr. Denby and I were fellow townsmen. We grew up together and went into the practice of the law about the same time. He was one of the best lawyers in Indiana. He is one of the most upright gentlemen that I ever knew and I esteem him very highly, and what I would say in regard to his report is not to be taken in any sense as any reflection whatever upon his character. If I had anything to say about it I would refer to the errors into which he fell as to the facts, and he made some very serious errors. But there was another lawyer in this case—just as able as Mr. Denby—who was in a position to know much more about it than Mr. Denby, and that was Mr. Burlingame, our minister to China. He was on the ground at the time and knew all the facts.

Now, I want to read Mr. Burlingame's letter as an offset to Mr. Denby's report. This is the letter of a man who makes his report upon facts of which he had personal knowledge at the time. Mr. Denby's report was made 25 years afterwards.

The CHAIRMAN. I think it would be just as well to put that in the record.

Mr. FOSTER. I would like to read it.

Mr. DENT. Well, it will go into the record.

Mr. FOSTER. If you gentlemen will promise me faithfully to read this——

The CHAIRMAN (interposing). I will read all that goes into the record.

Mr. FOSTER. I think it is nothing but fair——

The CHAIRMAN (interposing). You see we will have the benefit of everything you put in the record.

Mr. FOSTER. Well, you gentlemen have had experience in having your remarks printed that were not read.

The CHAIRMAN. It will go into the record if you will hand the stenographer a copy of the letter.

(The letter referred to is as follows:)

[Private.]

PEKING, August 16, 1867.

MY DEAR MR. SEWARD: Mr. Ward (the father of Gen. Ward) will start for Shanghai to-morrow, hoping to receive through the aid of yourself and the Chinese authorities the amount claimed by him from Woo and Tackee.

Before I brought his claim to the attention of the Chinese Government both Dr. Williams and myself made a most careful investigation of the papers and came to the unqualified conclusion that it was just.

I placed all the facts and arguments before the Chinese authorities and asked them to give such directions to their authorities at Shanghai as would compel Woo and Tackee to pay without further evasion.

After a three months' discussion and after they had communicated with their authorities at Shanghai they undertook to meet my request.

This was my position: That the dying words of Gen. Ward and the admissions of Woo and Tackee to various respectable parties and before a legal commission, assented to by both sides, constituted sufficient evidence of the justice of the claim, and that the award of the commission after a month's sitting was an adjudication of the same. They did not pretend that the subsequent action of Cunningham and Hanbury amounted to anything, as the proceeding was irregular in the beginning, and by the terms of the report not a decision, and, besides, Woo himself refused to recognize their action, as did the parties interested for the estate. That though the first commission was reopened, it was not on account of any complaint of injustice in the matter of the Ward claims. I held that I could not reopen that which was already settled and should not. At last Wensiang, who is the strong man of the Government, informed me that he had come substantially to my opinion, and that if Mr. Ward would go to Shanghai he would be met by an officer instructed to settle the claim without delay, including that of Fogg & Co. I understand these claims are to carry interest. Wensiang said that there was no doubt about the dying declarations of Gen. Ward, but that they would be pleased if Mr. Ward would explain clearly what had become of the sums transmitted to New York. They believed them to be all right and that he could in a moment make them perfectly clear.

The letter of Prince Kung to me does not state all these things as fully as I state them for the reason that he does not like to appear to decide here summarily in such matters, but the Chinese inform me that they mean to enforce payment, and I can only take their word. If they do mean it, their letter is enough, and if they do not let us know, and I shall find a way to have justice. I intend to follow it up with the Government here, aided by my colleagues, and it will be well for Woo and Tackee to do what they have shamefully neglected to do. I know you will do all you can to forward this matter. You are now the legal executor. I suppose you are too busy to serve in that capacity. I do not see any objections to placing the business in the hands of Mr. Ward, as he will be most likely to attend to the interests of the estate faithfully. He seems to be thoroughly honest and very capable. You will judge as to this. Having been appointed executor by Gen. Ward when dying, I feel a deep interest in having no failure in recovering justice for his heirs. The English feel an equal interest through the solicitations of Sir James Hope, who was also

appointed an executor. Sir Frederick Bruce has written to Sir Harry Parkes requesting him to do all in his favor in aid of our endeavors. Hoping for success, I remain,

Yours, truly,

ANSON BURLINGAME.

Mr. FOSTER. I was preparing to show some statements, or to show wherein Mr. Denby's report is in error. When I heard that Mr. Denby had made his report I did feel that Mr. Denby's judgment would carry great weight with me, and I therefore hesitated about taking up a claim that Mr. Denby had said was not right. But it was the opinion of one lawyer against that of another lawyer, and Mr. Burlingame was as able a lawyer as Mr. Denby. I suppose you would recognize Secretary Evarts as a very respectable lawyer, and that his opinion would weigh as against this report, and he directed the claim to be pressed for payment.

Mr. DENT. So far as Denby's report is concerned, and so far as I am concerned as an individual member of this committee, the only thing in it that gave me any trouble was the statement about this claim having been paid, but you have cleared that up to my mind by separating the different kinds of claims. After you made that statement I noticed in Mr. Denby's report that he says that one Mr. Holcombe had charge of this matter, and there was no allusion made in his instructions to the "Ward estate claim."

But I would like to ask you one or two questions. I want to ask you about this Boxer fund. What was the amount of it received by this Government?

Mr. FOSTER. The amount that we received—I can give you the exact amount, I think.

Mr. DENT. Well, state it approximately.

Mr. FOSTER. It was approximately \$24,000,000, or upward of \$24,000,000.

Mr. DENT. How much was returned to the Chinese Government?

Mr. FOSTER. Over \$11,000,000. The acts of Congress show that. I can cite them for you, if necessary.

Mr. DENT. Was that money returned by an act of Congress?

Mr. FOSTER. Yes, sir; it was returned by act of Congress.

Mr. DENT. When was that act passed?

Mr. FOSTER. By the act approved May 25, 1908, in which it says:

That the remainder of the indemnity to which the United States is entitled under the said protocol and bond may be remitted as an act of friendship, such payments and remission to be made at such times and in such manner as the President shall deem just.

The document from which I am reading is No. 1275, of the Sixtieth Congress, second session.

Mr. DENT. You say that this sum of money, \$24,000,000, paid on account of the Boxer fund, was paid under a protocol?

Mr. FOSTER. Yes, sir.

Mr. DENT. And it was never in the form of a treaty?

Mr. FOSTER. No, sir.

Mr. DENT. Did that protocol provide for the return of that money?

Mr. FOSTER. No, sir; no return was contemplated by it; the protocol provided for the payment of the money.

Mr. DENT. Did it provide for the return of any surplus?

Mr. FOSTER. No, sir; it was not presumed that there would be any surplus. These other foreign governments were trying to get more

than they did, but Mr. Hay said that they ought not to get over £40,000,000.

Mr. DENT. What I am trying to get at is this: You said you regarded this as a trust fund. Now, under the terms of the protocol, in the event there was a surplus after the payment of all claims, where did that surplus go, into the general fund of the Treasury of the United States, or was it to be returned to the Chinese Government?

Mr. FOSTER. It could not be returned to the Chinese Government without authority of law, the money having gone into the Treasury.

Mr. DENT. I am trying to find out whether there was any authority to do so under the terms of the protocol.

Mr. FOSTER. No, sir; there was no such authority in the protocol, because this protocol was for the satisfaction of claims.

Mr. DENT. Then it took an act of Congress to return any surplus out of this fund to the Chinese Government?

Mr. FOSTER. I am inclined to think so.

Mr. DENT. Now, what I am trying to get at is how did you arrive at the conclusion that Secretary Hay had the right to divert this fund to the payment of the Ward claims if it required an act of Congress to return the surplus?

Mr. FOSTER. Let me explain that. It was a protocol made between the Chinese Government and the foreign ministers. That protocol never became a law of the United States. It never was reported to Congress at any time, and any one of these ministers, by negotiation with the Chinese Government, might modify the terms of the protocol so far as it related to their claims. This could have been done at any time, and the Chinese Government comes in and asks Mr. Hay to pay this claim out of the Boxer indemnity fund.

Mr. DENT. If that be true, why could he not have returned the money to them without an act of Congress by an agreement with the Chinese Government?

Mr. FOSTER. I do not say that he could not, but I say that he did not.

Mr. DENT. I understood you to say that it required an act of Congress to return the surplus.

Mr. FOSTER. I did not mean to say that. I said that action of Congress was taken. I do not know that it is necessary to raise the question. I do not suppose that any Secretary of State, although he may have had the power, would have returned back to a foreign country such a sum as this after it had gone into the Treasury without consulting Congress on the subject. As I stated to you, a good lawyer, Secretary Root, has examined the claim, and came to the conclusion that Secretary Hay was fully authorized to pay this claim. I have not committed myself on the subject of whether it was necessary to obtain an act of Congress or not, but suppose Mr. Hay had not allowed this claim. The money would have gone to China. would it not?

Mr. DENT. And China could have paid Mrs. Amidon.

Mr. FOSTER. And would undoubtedly have paid her under their sense of honor. I would have gotten the money anyhow.

Mr. DENT. And that being the case, I can not see that there is anything more to this investigation, so far as I am concerned, except

perhaps the absence of authority on the part of Secretary Hay to pay this claim out of this fund.

Mr. FOSTER. If the chairman had obtained full information about the matter, I am sure he would never have started the investigation. Some gentlemen who thought they knew more about the matter than I do must have had the ear of the chairman and persuaded him that there was something wrong in this proceeding.

The CHAIRMAN. I am not altogether certain on that point yet.

Mr. FOSTER. Of course, I am not asking your opinion about the matter, but I can not see wherein our Government was harmed. The money would have gone back to China.

Mr. DENT. I am agreeing with you, so far as I am concerned, that if the Government had the right to return any surplus to the Chinese Government, the Chinese Government could have paid this claim to you as representing Mrs. Amidon, or the Chinese Government could have authorized this Government to take out that amount and pay you. That payment was made in 1903, as I understand it? It began in 1903?

Mr. FOSTER. Yes, sir; Mr. Hay in his letter to us stated "we can not pay it now."

Mr. DENT. I understand, but the claim was allowed by the Chinese Government, and by agreement with Secretary Hay in 1903, and the payments began shortly after that.

Mr. FOSTER. That is correct. When Mr. Hay made this agreement none of the indemnity money had been paid.

Mr. DENT. At that time our Government did not know what amount they would have to pay out of this \$24,000,000 on account of the Boxer awards, did they?

Mr. FOSTER. They did not know the exact sum, but they knew the amount approximately. Mr. Hay had determined on what the private claims would be, and from his intercourse with the Secretary of War and the Secretary of the Navy he knew approximately what the full amount would be.

Mr. DENT. Was there any time fixed by our Government in which the Boxer-fund claimants had to file their claims?

Mr. FOSTER. Mr. Hay determined the justice of the claims of Americans by appointing a commission in China.

Mr. DENT. I was asking you about the time. Did our Government, when we got that \$24,000,000 from China, fix any time within which claimants on this fund had to file their claims?

Mr. FOSTER. Mr. Hay had, before he allowed this claim, created a commission, and all claimants were notified that they must present their claims to this commission within a certain time, which time had elapsed. The commission had rendered its decision when Mr. Hay decided to pay this claim.

Mr. DENT. In other words, the time had elapsed?

Mr. FOSTER. Yes, sir; and awards had been made. He knew the amounts of most of the private claims and knew approximately what the claims of the War and Navy departments were.

Mr. DENT. That was in 1903, and it was not until 1908, or five years later, that our Government returned the surplus.

Mr. FOSTER. Well, that was pretty prompt for our Government. But Mr. Hay knew from the beginning that it was an exorbitant sum, because he said that £40,000,000 would be sufficient to cover all

the claims. Well, they got 450,000,000 taels, which is a much larger sum. The President informed Congress that it was the intention from the beginning to return this money.

Mr. DENT. Then, I understand you to make the statement that at the time Secretary Hay agreed with the Chinese Government to allow the Ward claims to be paid out of this Boxer indemnity fund, all the Boxer claims in this country had been paid, or the time had expired for their presentation?

Mr. FOSTER. Yes, sir; and the amounts had been determined.

The CHAIRMAN. Have any of these claims been adjudicated by the Court of Claims?

Mr. FOSTER. I can not answer that categorically, but I will explain. Several of the claims were rejected by this commission that Mr. Hay created. The claimants were, of course, dissatisfied, and they came to the Government, first, to the Secretary of State, to demand a re-examination of their claims. Mr. Root declined to reopen the cases, stating that they had had full opportunity to be heard before a properly constituted commission, and he would not take it up again. They then went to Congress, and under the lead of Mr. Denby, who was a member of the Foreign Affairs Committee, and who was well informed in Chinese matters, they got inserted in the act directing the return of the money a clause providing that any claims of Americans that had been rejected by the commission might be readjudicated by the Court of Claims, and \$2,000,000 was set aside to satisfy any awards or judgments that the Court of Claims might render. Under that authority a number of claims were presented to the Court of Claims and some of them were allowed. The act set aside \$2,000,000 for the satisfaction of those claims. Just how much of that sum remains I do not know.

The CHAIRMAN. In other words, they returned all of the surplus except that \$2,000,000?

Mr. FOSTER. Yes; and that was held for those claims that had been before the commission and reopened by Congress.

The CHAIRMAN. I think that is all at present. How long are you figuring on remaining?

Mr. FOSTER. I am going away to-morrow for a week or 10 days and may leave the country within a month. Of course, I will be glad to come before the committee if I am wanted further. There is **nothing** I desire to conceal in this matter, and I will be glad to enlighten you in any way I can.

The CHAIRMAN. Well, after we have looked over these documents we may want you to appear again before the committee.

(Thereupon, at 12.45 o'clock p. m., the committee adjourned.)

No. 13

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

DECEMBER 19, 1911

WASHINGTON
GOVERNMENT PRINTING OFFICE
1912

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY WALKER HAMLIN, Missouri, *Chairman.*

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERRY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk.*

SUBCOMMITTEE No. 3.

HUBERT D. STEPHENS.

WILLIAM W. WEDEMEYER.

S. A. RODDENBERRY.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE NO. 3 OF THE COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT, *Tuesday, December 19, 1911.*

The subcommittee met at 10.30 o'clock a. m., Hon. Hubert D. Stephens (chairman) presiding.

TESTIMONY OF MR. JOHN BALL OSBORNE.

The witness was duly sworn by the chairman.

Mr. STEPHENS. What is your name, please?

Mr. OSBORNE. John Ball Osborne.

Mr. STEPHENS. What connection, if any, have you with the Federal Government?

Mr. OSBORNE. I am now Chief of the Bureau of Trade Relations in the Department of State.

Mr. STEPHENS. How long have you held such position?

Mr. OSBORNE. Since May, 1905.

Mr. STEPHENS. Mr. Osborne, I will ask you to please give the character of the duties and work pertaining to that position?

Mr. OSBORNE. The Bureau of Trade Relations is the commercial branch of the Department of State; that is, it protects and promotes foreign commerce under the direction of the Secretary of State. Our duties may be roughly divided into two classes, those pertaining to the handling of the trade reports of consular and diplomatic officers of the United States and those that relate to the giving of advice to the Department of State on commercial questions arising in the foreign relations of the United States.

Under the first head comes our duty of reading, editing, and revising the trade reports of consular officers before transmitting them to the Department of Commerce and Labor, where they are published or handled in other proper ways, such as communications to the American business public through confidential bulletins. The bureau also formulates, under the direction of the Secretary of State, the requests of the Secretary of Commerce and Labor for the instruction of consular officers, as well as similar requests from other departments, Members of Congress, and the business public. It also furnishes advice in regard to foreign commerce to the American business public. If you would like further detail I would be delighted to give it to you.

Mr. STEPHENS. What has your bureau to do with reference to the collection of statistics of any kind or character?

Mr. OSBORNE. The Bureau of Trade Relations has an extensive commercial library, composed largely of the publications of foreign governments relating to commerce, industries, tariffs, etc. And from these sources and from the consular reports we frequently compile, primarily for the information of the Department of State, statistical

data relating to foreign trade; but the Bureau of Trade Relations does not regularly publish any documents; all our material that is received from foreign sources that is suitable for publication is transmitted to the Department of Commerce and Labor, where it is published through the Bureau of Manufactures, as you are aware.

Mr. STEPHENS. I have been informed that there is another department doing practically the same character of work. I would be glad to have you give any information you may have on that subject.

Mr. OSBORNE. Mr. Chairman, there would at first sight seem to be some duplication in the character of the work, particularly the editorial work done in the Bureau of Trade Relations and that done in the Bureau of Manufactures of the Department of Commerce and Labor, where the consular reports are published. I do not consider, however, that there is any serious duplication, for the reason that our editorial revision is of quite a different character than that exercised by the Bureau of Manufactures. The consular officers of the United States being necessarily under the complete and exclusive control of the Department of State, it is eminently proper, indeed essential, that their reports should be received in the first instance by the Department of State and subjected to a careful scrutiny, and any necessary editorial changes that the public interests of the United States dictate.

The Department of State, from the nature of its duties and its custody of the foreign relations of the United States, is the only department of the Government that is in a position to determine whether certain statements made in the consular reports would conflict with the diplomatic interests of our Government. The reports are read in the Bureau of Trade Relations line by line and everything deemed unsuitable for publication is excluded or paraphrased. Whenever possible indiscreet statements are so paraphrased as to preserve everything of commercial utility that they possess. On the other hand, the editorial supervision exercised in the Bureau of Manufactures relates to the question of the business value of the reports from the standpoint of the commercial interests of the country, and it also is governed by the limitations of space in the Daily Consular Reports and other considerations that do not regulate our editorial work. That is all, Mr. Chairman.

Mr. STEPHENS. It is a fact, however, that while the editorial work is very different in the two departments, there is a considerable duplication with reference to statistics used by each department, is there not?

Mr. OSBORNE. I do not think so, Mr. Chairman. I was a member of the Interdepartmental Statistical Committee that was created by Executive order of President Roosevelt toward the close of his administration; I was a member of the subcommittee whose duty it was to consider existing duplications in the statistical work of the United States Government in its various branches, and I am sure I can say that there is no serious duplication in this respect between the Department of State and the Department of Commerce and Labor.

In the first place the Department of State publishes no statistics; the Department of Commerce and Labor, in its Bureau of Statistics, publishes the statistics of the United States Government relating to our import and export trade, while the Bureau of Manufactures publishes, in the Daily Consular and Trade Reports, statistics fur-

nished by consular officers and derived from foreign official publications. Now, it is true that all of these consular reports pass through the Bureau of Trade Relations before they are considered by the Department of Commerce and Labor, but the only use that we make of them is in compilations to aid the Department of State in the conduct of the foreign relations of the United States.

Mr. STEPHENS. Is it not a fact that statistics prepared or collected by one bureau are very frequently used by the other without any additional work being done?

Mr. OSBORNE. Yes, sir; and very properly so. Those are harmless duplications; but when the two bureaus, at expense, compile original statistics along the same lines there is an objectionable and wasteful duplication: all such duplications should of course be eliminated. There is, however, no instance of such a duplication to be found in the coordinated work of the Department of State and the Department of Commerce and Labor.

Mr. STEPHENS. About how many men have you employed under your supervision, Mr. Osborne?

Mr. OSBORNE. Making allowance for or including one place that is vacant and including myself, there are 17 employees of the Bureau of Trade Relations, which include the chief of the bureau, 2 commercial advisers, 12 clerks, and 2 messengers.

Mr. STEPHENS. How many of these are employed directly in collecting statistics and tabulating the same?

Mr. OSBORNE. Three of these clerks occupy themselves chiefly with tariff and statistical work; that is, keeping up the tariff files of the Bureau of Trade Relations and compiling memoranda on statistical matters relating to foreign trade for the use of the bureau and use of the department. One of these places, however, I should say, is vacant at the present time; therefore at this moment there are only two clerks employed in this work.

Mr. STEPHENS. What is the total annual expense of your department, would you say?

Mr. OSBORNE. In 1910 the total expense for salaries was about \$27,000. For the present year, if we include the vacant place, which is a \$1,600 clerkship, the total for the entire bureau in salaries is \$29,220. If you would like to glance over that statement, Mr. Chairman, you can do so [handing paper to Mr. Stephens].

Mr. STEPHENS. Messrs. Pepper and Davis are the commercial advisers?

Mr. OSBORNE. Yes, sir.

Mr. WEDEMEYER. When you say there is no serious duplication do you mean by that no duplication that can well be avoided; or just what do you mean?

Mr. OSBORNE. I mean no duplication that would be subject to just criticism.

Mr. WEDEMEYER. Why is it that the consular reports, which are made by officers absolutely under the direction of the Department of State, are published by the Bureau of Manufactures of the Department of Commerce and Labor instead of by the Department of State itself?

Mr. OSBORNE. This procedure is, of course, prescribed by the organic act of the Department of Commerce and Labor, the act of February 14, 1903. Having been connected with the Department

of State for the past 22 years, with the exception of two years at the close of my consular career, I would say that I have never been able to understand why Congress took away from the Department of State the publication of the reports of its own officers.

Mr. STEPHENS. What is your idea about the handling of that matter? Do you not think it could be handled easier and cheaper by the Department of State than by the Department of Commerce and Labor?

Mr. OSBORNE. It is my personal opinion that it could be handled more economically, but I would hardly venture to make a definite statement; I incline to the belief that it could be done more economically by the Department of State.

Mr. WEDEMEYER. Before the creation of the Department of Commerce and Labor in 1903, by whom were these consular reports published?

Mr. OSBORNE. By the Department of State, since their establishment as monthly consular reports in 1880; the daily consular reports were established by the Department of State in 1898.

Mr. WEDEMEYER. Then both the monthly and daily consular reports were published by the Department of State up to the time of the establishment of the Department of Commerce and Labor?

Mr. OSBORNE. Yes, sir; until July 1, 1903.

Mr. WEDEMEYER. They were all published by the Department of State?

Mr. OSBORNE. Yes, sir; all published by the Department of State.

Mr. WEDEMEYER. And this, then, was a complete change with regard to the publication of these reports, and that change was made at the time of the establishment of the Department of Commerce and Labor?

Mr. OSBORNE. Yes, sir.

The subcommittee thereupon adjourned.

No. 14

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JANUARY 22, 1912

WASHINGTON
GOVERNMENT PRINTING OFFICE

1912

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, Missouri, *Chairman.*

S. H. DENT, Jr., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERRY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk.*

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman.*

S. H. DENT, Jr.

CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT.

Monday, January 22, 1912.

The subcommittee met at 10.30 o'clock a. m., Hon. Courtney W. Hamlin (chairman) presiding.

TESTIMONY OF MR. THOMAS MORRISON.

The witness was duly sworn by the chairman.

The CHAIRMAN. You are the disbursing officer of the State Department?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And you were during the fiscal years 1911, 1910, 1909, and some prior years, were you not?

Mr. MORRISON. Yes, sir.

Witness is handed a paper for examination.

The CHAIRMAN. I will ask you, Mr. Morrison, to look at that paper and state what that is?

Mr. MORRISON. I am unable to state what this covers.

The CHAIRMAN. Well, you can look at it and see what it covers?

Mr. MORRISON. I see it covers payments out of the emergency fund; it covers vouchers relating to emergencies arising in the Diplomatic and Consular Service; of course, in the absence of vouchers, I can not tell what this particular amount covers.

The CHAIRMAN. I show you a paper bearing date Washington, October 5, 1910, and I will ask you to state what that purports to be.

Mr. MORRISON. Well, payments made by direction of the Secretary under section 291.

The CHAIRMAN. Revised Statutes, section 291?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Is that a certified copy of the certificate filed by the Secretary of State under section 291 of the Revised Statutes of the United States?

Mr. MORRISON. I think it is.

The CHAIRMAN. For payments made for emergencies arising in the Diplomatic and Consular Service for the fiscal year 1911?

Mr. MORRISON. I think it is, sir.

The CHAIRMAN. State the amount of that certificate, please.

Mr. MORRISON. From the face of it it is for \$15,433.22.

The CHAIRMAN. Now, I will ask you to take the next paper. Is that the same kind of a certificate?

Mr. MORRISON. The same kind; yes, sir.

The CHAIRMAN. Is that also for the fiscal year 1911?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And what is the amount of that certificate?

Mr. MORRISON. That seems to be for \$30,516.87.

The CHAIRMAN. Now, take the next one. That is the same kind of a certificate, is it?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And for the fiscal year 1911?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. What is the amount of it?

Mr. MORRISON. That seems to be for \$14,882.35.

The CHAIRMAN. Now, take the next one. Is that the same kind of a certificate?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. What is the amount of that certificate?

Mr. MORRISON. \$12,549.91.

The CHAIRMAN. Now, we come to another paper bearing date August 21, 1911. I will ask you to state what that paper is.

Mr. MORRISON. Well, that seems to be a certificate covering some accounts of Mr. Carpenter.

The CHAIRMAN. Out of what fund?

Mr. MORRISON. Out of the fund for emergencies arising in the Diplomatic and Consular Service.

The CHAIRMAN. For the fiscal year 1911?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. What is the amount of that certificate?

Mr. MORRISON. \$17,880.70.

The CHAIRMAN. Now, we will take another one. [Handing paper to witness.] Do you know anything about that certificate, bearing date January 31, 1911?

Mr. MORRISON. That is for \$88.95.

The CHAIRMAN. That was paid out of what fund?

Mr. MORRISON. It says here, "Emergencies arising in the Diplomatic and Consular Service, 1911."

The CHAIRMAN. Now, I will call your attention to another paper, bearing date September 27, 1910, for \$2,109.52. It appears that \$580.25 was paid out of the fund for emergencies arising in the Diplomatic and Consular Service for the fiscal year 1910, and from the same appropriation for the fiscal year 1911 how much?

Mr. MORRISON. \$1,529.27.

The CHAIRMAN. Now, Mr. Morrison, I will call your attention to this certificate, which bears the initial "M." What does that indicate?

Mr. MORRISON. It indicates that it is my initial.

The CHAIRMAN. That you made out this certificate?

Mr. MORRISON. It was made out in the office.

The CHAIRMAN. And inspected by you, and your initial put on it by you?

Mr. MORRISON. Yes, sir; that is my initial.

Mr. DENT. Do you mean you signed the name of the Acting Secretary of State?

Mr. MORRISON. No; I do not do that.

Mr. DENT. Well, what does it mean?

Mr. MORRISON. That "M" means that I have passed on this; I did not make it up.

The CHAIRMAN. You filled out this certificate, did you?

Mr. MORRISON. No; I did not. I never saw this paper.

The CHAIRMAN. I mean the certificate of which this is a certified copy—you filled out the original?

Mr. MORRISON. Yes; it was filled out in the office.

The CHAIRMAN. And you put the initial "M" on it?

Mr. MORRISON. Yes.

The CHAIRMAN. And then forwarded it to the Secretary, and it was signed there by the Secretary or one of the assistants—is that the idea?

Mr. MORRISON. Well, it would be signed either by the Secretary or the Acting Secretary.

The CHAIRMAN. But you made out the certificate—that is what you mean?

Mr. MORRISON. Yes.

The CHAIRMAN. From the records in your office?

Mr. MORRISON. Yes.

The CHAIRMAN. And put your initial on it so as to identify it?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And your initial appears on the certificate bearing date October 5, 1910; on the certificate bearing date January 5, 1911; on the certificate bearing date April 5, 1911; on the certificate bearing date July 5, 1911, and also on the certificate bearing date August 21, 1911?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Now, Mr. Morrison, you made up these certificates from the records in your office which showed the amount of money that you paid out during the fiscal year 1911—that is, out of the fund mentioned in these certificates—did you not?

Mr. MORRISON. Yes; they were made up in my office.

The CHAIRMAN. And, of course, to the best of your knowledge and belief those certificates are correct?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. I will ask you to state the amount of the fund on which you were drawing, as shown by these certificates.

Mr. MORRISON. I think the appropriation was \$90,000.

The CHAIRMAN. Now, I will ask you whether the total of these certificates, which you certified you paid out during the fiscal year 1911—that is, out of this fund of \$90,000—does not aggregate \$92,881.27? You do not know that, perhaps, without figuring?

Mr. MORRISON. I could not tell you.

The CHAIRMAN. I wish you would figure that and give us a definite answer.

Mr. MORRISON. That is a matter that I would rather take up at the office.

The CHAIRMAN. Well, you can figure it here. The stenographer will give you the amounts, and I would like an answer at this time. It will not take you but a minute, and we will give you time to do it.

Mr. MORRISON. \$92,881.27.

The CHAIRMAN. Then, I will ask you to state how much of an overdraft there was during the last fiscal year.

Mr. MORRISON. I am not prepared to make any definite answer to this, because it looks from the face of these certificates that there is

a mistake somewhere; whether it is in copying or not I do not know, but I think it is.

Mr. DENT. Suppose a mistake has not been made?

Mr. MORRISON. We could not exceed the appropriation.

The CHAIRMAN. But it has been exceeded. Suppose a mistake has not been made; what is the overdraft, taking those figures to be correct?

Mr. MORRISON. \$2,881.27.

The CHAIRMAN. That is correct. Now, Mr. Morrison, if these copies which I have shown you are correct copies of the original certificates made out by you, then they are correct, are they not?

Mr. MORRISON. I am not prepared to say that, Mr. Chairman. From the face of these copies it would seem as though the appropriation had been exceeded, but I will not admit that.

The CHAIRMAN. You do not seem to grasp my question. Taking it for granted that these certified copies, furnished by the Secretary of the Treasury, which I have just shown you, are correct copies, then the amounts certified in those certificates are the correct amounts that you paid out of this fund during the fiscal year 1911, are they not?

Mr. MORRISON. It would appear so.

The CHAIRMAN. You would not certify to having paid out more money than you did pay out?

Mr. MORRISON. Oh, no.

The CHAIRMAN. Do you check up on this appropriation from the books in your office so as not to intentionally exceed the amount of the appropriation?

Mr. MORRISON. Yes.

The CHAIRMAN. You do that yourself?

Mr. MORRISON. It is done in the office.

The CHAIRMAN. It is done in your office? You do not depend on the Auditor for the State and Other Departments?

Mr. MORRISON. No.

The CHAIRMAN. Have you ever checked up your expenditures out of this fund for the fiscal year 1910?

Mr. MORRISON. Oh, yes; we check that up almost weekly, and sometimes daily, to see how we stand.

The CHAIRMAN. And have you ever checked up your expenditures out of this fund for the fiscal year 1909?

Mr. MORRISON. Oh, yes; we do that. We are very careful about it.

The CHAIRMAN. I will ask you whether you did not overdraw that fund in the fiscal year 1909 by \$582.37?

Mr. MORRISON. No; I think not. There are repayments that come back to that fund; it may happen in that way.

The CHAIRMAN. But, Mr. Morrison, the money shown in these certificates is money that you actually parted with and paid out to the people to whom it was due, is it not?

Mr. MORRISON. Oh, yes.

The CHAIRMAN. And you could not redeposit any part of that money, could you?

Mr. MORRISON. Well, the money no doubt was in the Treasury, but perhaps they did not know anything about it at the time; that is, at the office of the auditor.

The CHAIRMAN. I am not asking about that. You said that there may have been some repayments by yourself, as I understood it, to the credit of this fund?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. But you could not redeposit or make a repayment of any of the money that you have certified was paid out under these certificates, could you?

Mr. MORRISON. I could do it; yes.

The CHAIRMAN. How could you do it?

Mr. MORRISON. It would go to the credit of the appropriation before we would make the payments.

The CHAIRMAN. Do you mean it was there before you made the payments?

Mr. MORRISON. It certainly must have been.

The CHAIRMAN. The point is, after you have paid out the money to different individuals on an indebtedness of the United States Government, and which you cover by these certificates, you have parted with the money, have you not, and you could not redeposit any part of that, could you?

Mr. MORRISON. I have parted with the money; but I can show you that the payments were not made in the absence of the money. You could not do that out of that fund.

The CHAIRMAN. Then how do you explain that these certificates, which you say represent money that you paid out to different parties, aggregate \$92,881.27 when you only had \$90,000 out of which to make the payments? You do not mean to say you did not overdraw the fund?

Mr. MORRISON. No; we did not overdraw the appropriation, Mr. Chairman.

The CHAIRMAN. Did you not have to overdraw it to make that payment of \$92,881.27 out of a fund of \$90,000?

Mr. MORRISON. It would appear so, yes, from those papers.

The CHAIRMAN. Well, is it not a fact?

Mr. MORRISON. No; I do not think so. There is a mistake somewhere, but I do not know where. I am sure it is not in my office. It may be in the office of the auditor.

The CHAIRMAN. Then I will put it this way: Is it possible for you to pay \$92,881.27 out of a fund of only \$90,000?

Mr. MORRISON. No, sir.

The CHAIRMAN. That would be impossible, would it not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And if you did pay \$92,881.27 out of a fund of \$90,000, as shown by these certificates, then you overdraw that fund to the extent of \$2,881.27, did you not?

Mr. MORRISON. It would appear so.

The CHAIRMAN. Well, is it not a fact?

Mr. MORRISON. No; I am not prepared to say that. I would not admit that.

The CHAIRMAN. I am not putting it on the basis that these certificates are true—I say, if they are correct?

Mr. MORRISON. Yes; if they are correct.

The CHAIRMAN. And if you did pay out the money as shown by these certificates, then you did, as a matter of fact, overdraw the fund to the extent of \$2,881.27, did you not?

Mr. MORRISON. It would appear so; yes.

The CHAIRMAN. I would like to have you check up—not to-day, perhaps, but as soon as you go back to your office—your payments out of the fund for the year 1909 and ascertain whether you did not overdraw that fund in that year to the extent of \$582.37, and be prepared to answer on that proposition.

Mr. DENT. Mr. Morrison, I wish you would explain to the committee what you mean by repayments under this fund. I must confess I do not understand.

Mr. MORRISON. Well, oftentimes we are obliged to make payments out of that fund which come back to us from different sources. For instance, take the Alsop case.

Mr. DENT. When was that?

Mr. MORRISON. It has been going on for the last two or three years; we made very large payments out of that fund on account of the Alsop case, and the award, as you are aware, has been made in favor of the United States. That is a claim against Chile. And now we are getting back all the expenses that were incurred in that case out of this award, and it is just possible that some payments were returned in 1909 and 1910. Now, there is no doubt there were some repayments that went back in regard to that fund, but that is something I am not prepared to say.

Mr. DENT. Can you give this committee an itemized statement of all repayments that were made to this fund in 1911 and from what sources?

Mr. MORRISON. Well, of course, I will submit this to the Secretary and take his directions.

The CHAIRMAN. What expenses did you pay out of this fund in connection with the Alsop case?

Mr. MORRISON. Well, we made a great many payments, but you know, Mr. Chairman, I am not at liberty to state just what they were without the direction of the Secretary.

The CHAIRMAN. Well, you speak of having taken money out of this fund in connection with the expenses of the Alsop case?

Mr. MORRISON. Yes.

The CHAIRMAN. I want to know—I am not asking you now what they were—in what connection you paid money out of this fund in the Alsop case. Do you mean that you paid the expenses of somebody or the salary of somebody in connection with that case?

Mr. MORRISON. We paid the expenses of collecting information for the use of the department.

The CHAIRMAN. Out of that fund?

Mr. MORRISON. Yes.

The CHAIRMAN. And now you say that some of it is being repaid?

Mr. MORRISON. Yes.

The CHAIRMAN. Was it the collection of a debt was that the idea?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And to whom was that debt owing? Who held the debt?

Mr. MORRISON. Well, it was a claim that the United States had against Chile.

The CHAIRMAN. It was not a private individual's debt?

Mr. MORRISON. Well, it was known as the Alsop case; that is all I can say about it.

The CHAIRMAN. Well, do you mean that Alsop had a claim against Chile which he was attempting to collect through the State Department?

Mr. MORRISON. I think that was the case.

The CHAIRMAN. And some of that expense was taken out of the emergency fund until the debt was collected and then they repaid some of it, did they?

Mr. MORRISON. Yes.

The CHAIRMAN. Out of that fund?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Now, as Mr. Dent has said, will you furnish to the committee a statement of the amount you paid out, when you paid it, and when any of it was paid back?

Mr. MORRISON. Well, that matter will be taken up with the Secretary.

Mr. DENT. Has that claim been closed?

Mr. MORRISON. Yes, sir.

Mr. DENT. When was it finally closed?

Mr. MORRISON. I think last spring some time.

Mr. DENT. The spring of 1911?

Mr. MORRISON. Yes; this last spring, or last summer; it is very recent.

Mr. DENT. How long was it pending?

Mr. MORRISON. I could not tell you, but a great many years.

Mr. DENT. And in making an investigation of the merits of this claim on the part of Alsop the State Department paid the necessary expenses of that investigation out of the emergency fund under section 291?

Mr. MORRISON. We made a great many payments out of that fund in connection with that case.

Mr. DENT. And it was finally settled between the United States and Chile?

Mr. MORRISON. Yes.

The CHAIRMAN. Do you recall to whom you paid any of this money?

Mr. MORRISON. I could not.

The CHAIRMAN. You do not remember that?

Mr. MORRISON. No.

The CHAIRMAN. Now, Mr. Morrison, we asked you to bring with you the vouchers showing for what purpose the appropriation was used which we gave for participation in the celebration of Lake Champlain; have you those vouchers with you?

Mr. MORRISON. No; that account was covered under section 291.

The CHAIRMAN. It was not covered by section 291 by the law, though; that was given for a specific purpose and we do not for a minute concede the right of the State Department to report that expenditure under section 291. We are now demanding to see the vouchers on which those certificates were based.

Mr. MORRISON. Well, inasmuch as the expenses were covered under that section I have not got them.

The CHAIRMAN. Do you mean to state that you have no vouchers in your office showing how that money was expended?

Mr. MORRISON. I simply state, Mr. Chairman, that the expenses of that celebration were covered under section 291.

The CHAIRMAN. That is, you mean to state that the expenses of that celebration were covered by you under section 291?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. But that does not answer my question. Have you any vouchers in your office which show for what purpose this money was expended in connection with that celebration?

Mr. MORRISON. Well, that is a matter that I will have to take up with the Secretary.

The CHAIRMAN. Do you refuse to answer?

Mr. MORRISON. I will have to take it up with the Secretary.

The CHAIRMAN. Do you refuse to answer that question—whether you have those vouchers in your office or not?

Mr. MORRISON. I can only repeat what I have said—that I will have to take that up with the department.

The CHAIRMAN. You were served with this subpoena asking you to bring these vouchers last Friday?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Did you take up the matter with the Secretary after you were subpoenaed?

Mr. MORRISON. I took it up with the department.

The CHAIRMAN. With whom?

Mr. MORRISON. The Secretary was out of the city.

The CHAIRMAN. With whom did you take it up?

Mr. MORRISON. I took it up with the chief clerk.

The CHAIRMAN. Mr. McNeir?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Anybody else?

Mr. MORRISON. He took it up, no doubt, with one of the officials.

The CHAIRMAN. What instructions were given to you by the chief clerk or anyone else as to whether you should bring those vouchers or not?

Mr. MORRISON. No instructions were given to me at all; I simply have to say to you that that is covered under section 291.

The CHAIRMAN. Did they tell you to say that?

Mr. MORRISON. No.

The CHAIRMAN. You say you took it up with Mr. McNeir, the chief clerk. Did you ever get any reply from him in relation to the matter?

Mr. MORRISON. The only reply I have is, as I have repeated, that these payments were made under section 291.

The CHAIRMAN. Was that what Mr. McNeir stated to you? What did he say to you when you took it up with him?

Mr. MORRISON. He simply told me to come here and make that statement.

The CHAIRMAN. Is that what he told you?

Mr. MORRISON. He told me to say they were covered under section 291, and that would end it, so far as we are concerned.

The CHAIRMAN. Now, I am going to ask you this direct question: After you were served with this subpoena and you called their attention to it, did they advise you and instruct you not to produce those vouchers, but to come here and make the statement which you have made?

Mr. MORRISON. They told me to make the statement to you that they were covered by section 291.

The CHAIRMAN. Did they tell you not to bring the vouchers?

Mr. MORRISON. They did not.

The CHAIRMAN. Well, then, why did you not bring them?

Mr. MORRISON. Because, as I said, they were covered under section 291.

The CHAIRMAN. Have you those vouchers in your office?

Mr. MORRISON. They are not in my office.

The CHAIRMAN. Have they ever been in your office?

Mr. MORRISON. They have been there.

The CHAIRMAN. When did they leave your office?

Mr. MORRISON. I do not know; some time ago.

The CHAIRMAN. How do you know they are not in your office now?

Mr. MORRISON. Well, because they were deposited in the State Department.

The CHAIRMAN. When?

Mr. MORRISON. Some time ago; I do not know the exact date.

The CHAIRMAN. A week ago?

Mr. MORRISON. I could not tell you.

The CHAIRMAN. Was it since this subpoena was served on you?

Mr. MORRISON. No; it was before that; some time before. I do not recall the exact date, but it was prior to that.

The CHAIRMAN. They had been in your office ever since the payments were made out of this fund until recently—is that true? And then they were withdrawn and placed in the State Department?

Mr. MORRISON. They have been in there for some time; I do not know the exact date.

The CHAIRMAN. Up until recently. Now, has it been within the last 30 days that those vouchers were taken from your office and turned over to the State Department?

Mr. MORRISON. No; I think it was before that.

The CHAIRMAN. Well, about how long ago?

Mr. MORRISON. I can not give you the exact date.

The CHAIRMAN. Give us your best judgment.

Mr. MORRISON. But they are on file with the department.

The CHAIRMAN. Give us your best judgment as to how long it has been since they were withdrawn from your custody.

Mr. MORRISON. It is several months ago.

The CHAIRMAN. As much as three or four months, do you think?

Mr. MORRISON. I do not know.

The CHAIRMAN. You could not say as to that?

Mr. MORRISON. No.

The CHAIRMAN. Who told you to send them over to the State Department?

Mr. MORRISON. I do not recall now who called for them; one of the officers of the department.

The CHAIRMAN. Have you any idea which one?

Mr. MORRISON. I can not tell you.

The CHAIRMAN. How did they call on you for those vouchers? Did they call you over the phone or how?

Mr. MORRISON. They asked for the vouchers; I do not know whether it was by phone or by letter.

The CHAIRMAN. When you turned those papers over to somebody else and they passed from your hands, did you make a note of that fact on your records?

Mr. MORRISON. We usually do.

The CHAIRMAN. Did you in this case?

Mr. MORRISON. We did.

The CHAIRMAN. Then by referring to your records you can give the exact date that those papers went over to the State Department?

Mr. MORRISON. Yes, sir; I think so.

The CHAIRMAN. Will your records also show who ordered them?

Mr. MORRISON. I think so.

The CHAIRMAN. I will ask you to be here at 3 o'clock this afternoon with that data.

Mr. MORRISON. The Champlain matter?

The CHAIRMAN. Yes; showing how the money was paid out that we gave for participation in the Lake Champlain celebration; also on whose order these papers were taken from your possession and the date that they were sent over to the State Department. You kindly furnish that information this afternoon at 3 o'clock. Now, you were asked to produce the vouchers that were paid out of the fund for bringing home criminals in the year 1906. Did you bring those vouchers with you?

Mr. MORRISON. No.

The CHAIRMAN. Why not?

Mr. MORRISON. They were also covered by certificates.

The CHAIRMAN. Under section 291?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. How long have you been disbursing officer of the State Department?

Mr. MORRISON. I think about 10 years.

The CHAIRMAN. Did you ever cover that expense—that is, the cost of bringing home criminals—by a certificate under section 291 except during the year 1906?

Mr. MORRISON. I can not recall that I did.

The CHAIRMAN. How did you happen to do it in this particular year?

Mr. MORRISON. It was done by the direction of the Secretary.

The CHAIRMAN. You do not know why he made that order on you?

Mr. MORRISON. No.

The CHAIRMAN. You simply did it by order of the Secretary?

Mr. MORRISON. Yes.

The CHAIRMAN. I also asked you to bring with you the vouchers showing how you paid out, and for what purposes, the fund given for the fiscal year 1909 for the International Congress of Hygiene and Demography, Washington, D. C. Did you bring those with you?

Mr. MORRISON. No; I did not bring them.

The CHAIRMAN. Why did you not bring those?

Mr. MORRISON. They were covered in the same way.

The CHAIRMAN. Have you the vouchers in your office that show how this money was paid out for bringing home criminals in 1906?

Mr. MORRISON. They are in the office of the department.

The CHAIRMAN. Well, are they in your office?

Mr. MORRISON. No; they are not in my office.

The CHAIRMAN. You are the custodian of vouchers, are you not?

Mr. MORRISON. Well, I am supposed to be; but everything is under the direction of the Secretary.

The CHAIRMAN. He can withdraw them whenever he wants to, but your office is usually the place in which to keep them, is it not?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. When were those vouchers withdrawn from your office?

Mr. MORRISON. I prefer to refer these inquiries to the department.

The CHAIRMAN. I can not help what you prefer; I am asking you a question of fact that you must answer. When were those vouchers, showing how this money for bringing home criminals in 1906, withdrawn from your office; when was that done?

Mr. MORRISON. I will have to submit that to the department; that is, these inquiries; I am not at liberty to answer them. They are matters which, I think, ought to be submitted to the Secretary.

The CHAIRMAN. I am asking you when they were taken from your office by the department; when were they ordered out of your hands?

Mr. MORRISON. Well, as I say——

The CHAIRMAN (interposing). Since you were served with this subpoena?

Mr. MORRISON. I would rather submit this to the Secretary and take his direction.

The CHAIRMAN. Were they withdrawn from your office since you were served with this subpoena?

Mr. MORRISON. I would rather take this matter up with the Secretary.

The CHAIRMAN. Do you decline to answer that question?

Mr. MORRISON. My answer is that I prefer to take it up with the Secretary.

The CHAIRMAN. But I put the question to you direct: Do you decline to answer this question?

Mr. MORRISON. I would prefer——

The CHAIRMAN (interposing). Do you decline to answer it? You can answer that, yes or no.

Mr. MORRISON. I would rather take the direction of the Secretary, Mr. Hamlin.

The CHAIRMAN. I understand what you prefer; you prefer not to answer it, but do you decline to answer it?

Mr. MORRISON. I can only repeat what I have said, that these are matters that I prefer to take the direction of the Secretary upon.

The CHAIRMAN. In regard to the vouchers showing how the money was paid out for the International Congress of Hygiene and Demography, held in Washington, D. C., have you those vouchers in your office?

Mr. MORRISON. They were paid under section 291.

The CHAIRMAN. Have you them in your office?

Mr. MORRISON. They are in my office.

The CHAIRMAN. They are in your office now?

Mr. MORRISON. Yes.

The CHAIRMAN. They have not been withdrawn?

Mr. MORRISON. No; they are in my office.

The CHAIRMAN. At this time?

Mr. MORRISON. Yes.

Mr. DENT. You know, of course, whether or not you had the papers called for by this subpoena when the subpoena was served on you. You are not ignorant of the fact, are you?

Mr. MORRISON. Well, these are questions——

Mr. DENT (interposing). You do not want to submit that question to the Secretary, do you, as to whether or not you are ignorant of that fact?

Mr. MORRISON. I think all of these questions ought to be submitted to the Secretary. I am serving him and I think I ought to take his direction in these matters.

Mr. DENT. You will not even tell the committee whether you are ignorant of the fact as to whether these papers were in your possession at the time this subpoena was served on you?

Mr. MORRISON. Well, I have already repeated, Mr. Chairman, that I would rather take these matters up with the Secretary.

Mr. DENT. You would rather have the Secretary tell you whether you have sense enough to know whether you had these papers at the time the subpoena was served on you or not?

Mr. MORRISON. No. I do not take it in that way at all.

Mr. DENT. Well, that is the result of your answer. I am not asking you to produce the papers, but am asking you whether or not you had possession of the papers at the time this subpoena from the House of Representatives was served on you?

Mr. MORRISON. Well, I would be very glad to answer you, and will do so if I can do so satisfactorily after I submit the matter to the Secretary. I do not think there is anything wrong in that.

The CHAIRMAN. If you are not prepared and do not answer these questions fully we will certainly report you to the House of Representatives for contempt, because we know these questions are pertinent; they are questions that the House is entitled to have answered, and the committee is entitled to the answers. We will give you one other chance at 3 o'clock this afternoon. If you want to consult with Mr. Knox, or anybody else, that is your privilege, but unless you answer these questions this afternoon we will certainly report you to the House for contempt.

The papers heretofore referred to are as follows:

UNITED STATES OF AMERICA,

TREASURY DEPARTMENT,

November 20, 1911.

Pursuant to section 882 of the Revised Statutes, I hereby certify that the annexed are copies of vouchers relating to appropriations "Emergencies arising in the Diplomatic and Consular Service, 1911." now on file in this department.

In witness whereof I have hereunto set my hand and caused the seal of the Treasury Department to be affixed, on the day and year first above written.

R. O. BAILEY,

Assistant Secretary of the Treasury.

DEPARTMENT OF STATE,

Washington, October 5, 1910.

By direction of the President, and in pursuance of section 291 of the Revised Statutes of the United States, I hereby certify that Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk of this department, has expended the sum of fifteen thousand four hundred thirty-three and 22/100 dollars (\$15,433.22) during the period from July 1 to September 30, 1910, from the appropriation for "Emergencies arising in the Diplomatic and Consular Service,

1911," for expenses incurred during the fiscal year 1911, the nature and object of which expenditure it is deemed inexpedient to make known, and I hereby request the accounting officers of the Treasury, in the settlement of the accounts of the said Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk, to allow him a credit for the amount above named (\$15,433.22).

ALVEY A. ADEE,
Acting Secretary of State.
M.

DEPARTMENT OF STATE,

Washington, January 5, 1911.

By direction of the President, and in pursuance of section 291 of the Revised Statutes of the United States, I hereby certify that Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk of this department, has expended the sum of thirty thousand five hundred sixteen and 87/100 dollars (\$30,516.87) during the period from October 1 to December 31, 1910, from the appropriation for "Emergencies arising in the Diplomatic and Consular Service, 1911," for expenses incurred during the fiscal year 1911, the nature and object of which expenditure it is deemed inexpedient to make known, and I hereby request the accounting officers of the Treasury, in the settlement of the accounts of the said Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk, to allow him a credit for the amount above named (\$30,516.87).

P. C. KNOX,
Secretary of State.
M.

DEPARTMENT OF STATE,

Washington, April 5, 1911.

By direction of the President, and in pursuance of section 291 of the Revised Statutes of the United States, I hereby certify that Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk of this department, has expended the sum of fourteen thousand eight hundred eighty-two and 35/100 dollars (\$14,882.35) during the period from January 1 to March 31, 1911, from the appropriation for "Emergencies arising in the Diplomatic and Consular Service, 1911," for expenses incurred during the fiscal year 1911, the nature and object of which expenditure it is deemed inexpedient to make known, and I hereby request the accounting officers of the Treasury, in the settlement of the accounts of the said Thomas Morrison, Chief Bureau of Accounts, and disbursing clerk, to allow him a credit for the amount above named (\$14,882.35).

P. C. KNOX,
Secretary of State.
M.

DEPARTMENT OF STATE,

Washington, July 5, 1911.

By direction of the President and in pursuance of section 291 of the Revised Statutes of the United States, I hereby certify that Thomas Morrison, Chief Bureau of Accounts and disbursing clerk of this department, has expended the sum of twelve thousand five hundred forty-nine and 91/100 dollars (\$12,549.91) during the period from April 1 to June 30, 1911, from the appropriation for "Emergencies arising in the Diplomatic and Consular Service, 1911," for expenses incurred during the fiscal year 1911, the nature and object of which expenditure it is deemed inexpedient to make known; and I hereby request the accounting officers of the Treasury, in the settlement of the accounts of the said Thomas Morrison, Chief Bureau of Accounts and disbursing clerk, to allow him a credit for the amount above named (\$12,549.91).

P. C. KNOX,
Secretary of State.
M.
McN.

DEPARTMENT OF STATE,
Washington, D. C., August 21, 1911.

To the AUDITOR FOR THE STATE AND OTHER DEPARTMENTS,
Treasury Department.

SIR: You are requested to credit, under section 291 of the Revised Statutes of the United States, W. Clayton Carpenter, former special disbursing officer of this department here and at The Hague, in the sum of seventeen thousand eight hundred eighty dollars and seventy cents (\$17,880.70), drawn by and charged to Mr. Carpenter on the books of the Treasury against the appropriation for "Emergencies arising in the Diplomatic and Consular Service, 1911."

I am, sir, your obedient servant.

CHANDLER HALE,
Third Assistant Secretary of State.

Bills of the Public Printer for binding documents, etc., in the Orinoco Steamship Co. case.

Jan. 24, 1911	-----	\$53. 55
Do	-----	35. 40
		<hr/>
		88. 95

JANUARY 30, 1911.

I hereby certify that the services herein charged have been rendered as stated and the completed material received by me.

W. C. DEMIS,
Agent of the United States.

DEPARTMENT OF STATE,
January 31, 1911.

Approved for \$88.95 and referred to the Auditor for the State and Other Departments for settlement from the appropriation for "Emergencies arising in the Diplomatic and Consular Service, 1911," the amount to be carried to the credit of the appropriation for "Printing and binding, 1911" (Government Printing Office).

P. C. KNOX,
Secretary of State.

Bills of the Public Printer for printing and binding in the matter of the arbitration of the Orinoco Steamship Co. case.

June 30, 1910	-----	\$569. 45
Do	-----	8. 25
Do	-----	2. 55
Do	-----	1, 388. 90
Do	-----	140. 37
		<hr/>
		2, 109. 52

DEPARTMENT OF STATE,
OFFICE OF THE SOLICITOR,
September 26, 1910.

I hereby certify that the services charged in bills herewith have been rendered as stated and the printed matter received by the agent of the United States.

W. C. DEMIS,
Agent of the United States.

DEPARTMENT OF STATE,
OFFICE OF THE SECRETARY,
September 27, 1910.

Approved for \$2,109.52 and referred to the Auditor for the State and other Departments for settlement from the appropriation for "Emergencies arising in

the diplomatic and consular service," 1910, \$580.25, and from same appropriation for 1911, \$1,529.27.

The amounts to be carried to the credit of the appropriation for "Printing and binding, 1910 and 1911," respectively.

ALVEY A. ADEE,
Acting Secretary of State.

Thereupon a recess was taken until 3 o'clock p. m.

AFTER RECESS.

The subcommittee resumed at 3 o'clock p. m.

STATEMENT OF MR. A. H. BALDWIN.

The CHAIRMAN. What position do you occupy with the Government, Mr. Baldwin?

Mr. BALDWIN. Chief of the Bureau of Manufactures, Department of Commerce and Labor.

The CHAIRMAN. Briefly, what are the duties of your division?

Mr. BALDWIN. The functions of the Bureau of Manufactures of the Department of Commerce and Labor are to foster, promote, and develop the manufacturing interests of the country by publishing useful trade information. That is the broad general scope.

The CHAIRMAN. Do you publish these bulletins that are issued?

Mr. BALDWIN. We publish the Daily Consular and Trade Reports.

The CHAIRMAN. You publish those trade reports?

Mr. BALDWIN. Yes, sir.

The CHAIRMAN. Is there a somewhat similar bureau in the State Department doing somewhat similar work, called the Bureau of Trade Relations?

Mr. BALDWIN. There is a Bureau of Trade Relations in the State Department, but its functions, under the law, do not duplicate our functions, as I understand the law.

The CHAIRMAN. But, as a matter of fact, is the work in the Bureau of Trade Relations and the work in your Bureau of Manufactures largely and practically the same?

Mr. BALDWIN. Well, I think not, sir.

The CHAIRMAN. What is the difference?

Mr. BALDWIN. As I understand the law, the Bureau of Trade Relations has to do with diplomatic negotiations affecting commercial matters, and they also have the function of transmitting to our bureau all commercial reports that are received in the State Department, but they have no function of giving publicity to trade information.

The CHAIRMAN. Before this Bureau of Trade Relations was established in the State Department, did not your bureau do a part of the work that the Bureau of Trade Relations is doing now, so far as you know?

Mr. BALDWIN. Well, the Bureau of Trade Relations was established before our bureau. Some of the work that we do was performed for many years by the State Department, but with the establishment of the Department of Commerce and Labor certain commercial functions that had theretofore been carried on by the Department of State were turned over, under the law, to the Department of Com-

merce and Labor, and the Bureau of Manufactures took up that work.

The CHAIRMAN. Now, is there any part of the work that you do that could not be done by the Bureau of Trade Relations in the State Department?

Mr. BALDWIN. Yes.

The CHAIRMAN. Will you indicate what it is?

Mr. BALDWIN. All the work of commercial promotion as related to domestic commerce is, I should assume, the function of the Department of Commerce and Labor in this country. Our relations with the State Department are almost entirely in connection with the commercial work accomplished by consuls, and we are the clearing house for commercial information that consuls collect.

The CHAIRMAN. Do you gather statistics from any other source than the Bureau of Trade Relations?

Mr. BALDWIN. We make use of sources open to us in any branch of the Government service or from any other source that we may find; our own commercial agents supply us with a great deal of commercial information. We have our own corps of field agents.

The CHAIRMAN. Is that local or foreign?

Mr. BALDWIN. Both local and foreign.

The CHAIRMAN. Your foreign sources of information are independent of our Consular Service?

Mr. BALDWIN. Those commercial agents are entirely the agents of the Department of Commerce and Labor.

The CHAIRMAN. Have you a great many of those?

Mr. BALDWIN. We have 10 or 11, I think, on the pay roll. We have \$60,000 a year for that work.

The CHAIRMAN. But the principal source of the information that you give out through these consular reports is the Bureau of Trade Relations in the State Department, is it not?

Mr. BALDWIN. We get information through that bureau, and I should judge that at least 60 or 70 per cent of the present contents of the consular and trade reports comes to us through the State Department from the consular officers. That is, I should estimate that as the minimum.

The CHAIRMAN. And all you have to do with that is to publish it, is it?

Mr. BALDWIN. Well, we have an editorial corps of 10 people.

The CHAIRMAN. Do you reedit those consular reports after they come to you from the Bureau of Trade Relations?

Mr. BALDWIN. I think it would be fair to state that most of the editing—that is, the final editing—is accomplished in the Bureau of Manufactures. The State Department edits from the point of view of the diplomatic significance of any reports that may come in and eliminates statements which might be deemed inadvisable to print. But we get the reports and we edit them from the point of view of their commercial necessity and from the point of view of their accuracy; in fact, from every commercial point of view we accomplish the editing of the reports; that portion of the work is practically all accomplished in the Bureau of Manufactures, aside from this editing which concerns the interests of the State Department rather than our department.

The CHAIRMAN. What we are trying to get at is whether or not there is any duplication between these two bureaus and whether by consolidating them, either under the Department of Commerce and Labor or the State Department, money can be saved by the Government?

Mr. BALDWIN. I understand.

The CHAIRMAN. If the State Department were to do this printing would not that do away with the necessity of maintaining a large force in your bureau to do this work?

Mr. BALDWIN. If our editorial division was transferred to the State Department?

The CHAIRMAN. Could not your editorial work be done by those in the Bureau of Trade Relations, who are now doing the editorial work being done in that bureau? Could it not all be done by the same people?

Mr. BALDWIN. By our people or by their people?

The CHAIRMAN. By their people. It does not make any difference who does it. They edit those reports as they come in, and, therefore, could they not go on and edit the whole report for publication without having a reediting of the reports?

Mr. BALDWIN. I think not; that is, as the two departments are at present equipped. The Department of Commerce and Labor is equipped to edit commercial reports at present from its relations with commercial bureaus in the Department of Commerce and Labor, its relation with commercial institutions and commercial organizations throughout the country. From the very nature of things the Department of Commerce and Labor realizes the significance and importance of commercial reports, from the commercial side, you understand, more, perhaps, than the Department of State. I think the commercial reports reach the Bureau of Trade Relations possibly in the morning and most of them reach us immediately, they are very prompt over there. Mr. Osborne sends them over to us immediately—that is, if he can run through them and eliminate any matters which seem to him ought not to be printed—and then they rest in our bureau. It takes us much longer to edit them, because we run down every figure; every statement of fact is checked with our records of commercial facts; in fact, the real commercial editing is accomplished in our bureau.

The CHAIRMAN. The point I am getting at is, if these parties in the Bureau of Trade Relations must read these reports in order to edit them, why should they not go on and do the editing that you say is done in your bureau; that is, the same parties? Even though it would keep them at work a little longer it would be ready for the printer just as soon and it would save considerable expense.

Mr. BALDWIN. I think not, Mr. Chairman, because of the equipment that is required to carry on that work. I have no doubt, however, but that equipment could be established in the Department of State.

Mr. DAVIS. Is it largely mental equipment?

Mr. BALDWIN. Largely; but largely the question of libraries and files.

The CHAIRMAN. Those things could be installed in the Bureau of Trade Relations?

Mr. BALDWIN. Undoubtedly.

Mr. DENT. What was the reason for transferring this work from the State Department to the Department of Commerce and Labor?

Mr. BALDWIN. The establishment of a commercial department in 1903 resulted in turning over to the Department of Commerce and Labor those functions of the Federal Government.

Mr. DENT. You mean an act was passed by Congress?

Mr. BALDWIN. Yes; and when the department was established they gathered in bureaus from the Treasury, from the Interior Department, and from various other departments. The Bureau of Labor was an independent bureau, the Bureau of Fisheries was independent up to that time, and they were gathered into the Department of Commerce and Labor. Prior to 1903 the State Department carried on this work because, I assume, there was no commercial branch of the Government to which to refer it.

Mr. DENT. Do I understand you to say, then, that you not only edit the information that you get from the Bureau of Trade Relations of the State Department, but also information you get from other departments?

Mr. BALDWIN. From our own commercial agents; anything that they send in to us.

Mr. DENT. I mean any other department, any other executive department?

Mr. BALDWIN. No other executive department makes use of our bureau for publication service. It is on the side of the distribution of this material that our functions are most closely related to the Department of Commerce and Labor. We have the machinery of distribution.

Mr. DENT. That could not be obtained in the State Department?

Mr. BALDWIN. It could be established there.

Mr. DENT. But it could not be obtained as at present established?

Mr. BALDWIN. I am not familiar with the allotment that they have for printing; I am not sure that they have a division of printing and publications.

Mr. DAVIS. The Department of Commerce and Labor, as I understand it, also has a Bureau of Publications?

Mr. BALDWIN. A Division of Publications, and that division acts for all of the bureaus.

Mr. DAVIS. Do they publish statistics that are obtained from any other source, or do they obtain any from any other source than their own bureaus?

Mr. BALDWIN. Except for the Bureau of the Census, which is equipped to carry on its own work; they publish and handle all the publications of the department for every other bureau, the Bureau of Standards, Bureau of Fisheries, Bureau of Labor, and our bureau.

Mr. DAVIS. Then your editorial bureau receives statistics and material from the Bureau of Trade Relations in the State Department?

Mr. BALDWIN. Through that bureau from consular officers.

Mr. DAVIS. Are those statistics edited in any way at all before they leave the Bureau of Trade Relations?

Mr. BALDWIN. They are edited, as I indicated, to eliminate any statements which might offend a friendly foreign nation, or which may be deemed indiscreet by the Department of State as a statement by one of their own officers. Sometimes a consular officer will state

that the populace in a certain city is illiterate and unruly, and as to that the Bureau of Trade Relations will edit the report.

Mr. DAVIS. And your bureau reedit it to a certain extent?

Mr. BALDWIN. We would.

Mr. DAVIS. And put it in form for your use?

Mr. BALDWIN. We edit it from the point of view of its commercial importance, and the State Department edits for the purpose of keeping us out of mischief.

Mr. DAVIS. They edit these reports as to the advisability of the matter being made public; is that it?

Mr. BALDWIN. Yes. I presume that these statements, which sometimes appear in these reports, which are essentially commercial reports, reports on commercial matters, are apt to be innocent of diplomatic significance, and we find in practice that in thousands of reports that we receive that particular editing is accomplished very quickly in the Bureau of Trade Relations: they send their reports through very promptly.

Mr. DAVIS. I do not suppose you would like to express an opinion as to the abolishment of the Bureau of Trade Relations in the State Department, and have all of this work pass through the Bureau of Manufactures in the Department of Commerce and Labor?

Mr. BALDWIN. The functions of the Bureau of Trade Relations, as indicated in the law, it seems to me are important, but they do not particularly concern the Department of Commerce and Labor. They have functions in relation to the preparing of commercial treaties, the investigation of tariff matters when they touch on diplomatic relations, and those functions, I assume and I am certain, are important functions, but they are not functions in which we are officially interested further than that anyone interested in commerce is interested in those matters.

The CHAIRMAN. How many people have you in your bureau?

Mr. BALDWIN. Thirty-four here in Washington.

The CHAIRMAN. Can you tell us what your bureau costs the Government annually?

Mr. BALDWIN. \$160,000 in all.

The CHAIRMAN. Does that include printing?

Mr. BALDWIN. That includes printing, includes our commercial agents, and includes our central office. I can give you those figures in detail if you would like to have them.

The CHAIRMAN. We would be very glad to have them. And we would like to know what it costs per day to issue these consular reports.

Mr. BALDWIN. The Division of Publications tells me that they cost about \$5,000 a month, but I think it must cost about \$4,000 a month. I do not mean to suggest that Dr. Havenner is not correct in his estimate, but the figures last year would not indicate \$5,000.

The CHAIRMAN. Well, from \$4,000 to \$5,000?

Mr. BALDWIN. That is the printing. Last year we printed a great deal besides the consular and trade reports, and our edition was doubled, as you no doubt know; last year we printed 18,000, nearly 20,000, and before that we were printing between 8,000 and 9,000.

The CHAIRMAN. So far as these consular reports are concerned, and the material that you get through the State Department, if your bureau had one or two men who are now doing that work in

the Bureau of Trade Relations assigned to it they could do that work without any additional expense?

Mr. BALDWIN. As representatives of the State Department?

The CHAIRMAN. I do not care in what capacity they are there; they ought to be men properly equipped to do that work, and representatives of the Government, of course. It does not make any difference whether they do it in the Bureau of Trade Relations or in your bureau.

Mr. BALDWIN. Of course, I can not speak with any familiarity with respect to the details of the work there.

The CHAIRMAN. I understood you awhile ago to emphasize the importance of this editing in the Bureau of Trade Relations in the State Department on the ground that they sought to read those reports as they come in and eliminate anything that might complicate us with other nations if those reports should be published in full; that is, I understood you to mean that it would take some one competent to do this work and one who would know all about these things—is that what you meant?

Mr. BALDWIN. I should hesitate to speak for the State Department as to the importance of that work.

The CHAIRMAN. I am not asking you about the importance of it. I understood you to say that that part was done in the State Department and I gathered from your remarks that you regarded it as of some importance.

Mr. BALDWIN. To the State Department?

The CHAIRMAN. Well, to the whole Government.

Mr. BALDWIN. To the Department of Commerce and Labor I would be willing to state that that is of minor importance.

The CHAIRMAN. But I would like to have you get a broader conception of those things than one department or two departments of the Government. I understand that is all done, not for one department, but for the whole Government of the United States. Now, it does not make any difference whether that is done in the State Department or in the Department of Commerce and Labor; if it is necessary to be done, it does not make any difference where it is done, and the point I am getting at is: If you have somebody especially equipped for that kind of work, why they could not be detailed to your bureau, where you have all the equipment for doing the balance of the work, and thereby save a great deal of expense to the Government.

Mr. BALDWIN. I am prepared to admit that if those employees detailed to our bureau were representatives of the Department of State that that would be entirely practicable.

The CHAIRMAN. What difference would it make whether they are detailed from the Department of State or not, if they are competent?

Mr. BALDWIN. I must beg your pardon for asking this question, but would it be possible for a representative of the Department of Commerce and Labor to represent the interests of the State Department?

The CHAIRMAN. Unquestionably; and also represent the interests of the people, and that is what you ought to represent; that is what we all ought to represent. Can you not represent the interests of the people of the country as well in the Department of Commerce and Labor as you can in the Department of State? If you had

authority to do the work, it would make no difference where you would do the work, whether in one building or another.

Mr. BALDWIN. I should hesitate to assume the functions of a bureau of the Department of Agriculture which would require technical knowledge.

The CHAIRMAN. But if you had the best of technical knowledge you would not hesitate, would you, if you were authorized to do it?

Mr. BALDWIN. If I were authorized by law I should not hesitate.

The CHAIRMAN. That is what I am talking about. Could not the necessary help for the editing that is now being done in the Bureau of Trade Relations be transferred to your bureau and all the work be done there, dispensing with the Bureau of Trade Relations?

Mr. BALDWIN. It could be done if that were the only factor involved.

The CHAIRMAN. Do you not think that if it were done a large saving could be made to the Government?

Mr. BALDWIN. I doubt if that is a factor which involves any large amount of money, that editing; I doubt whether the factor of editing in the Bureau of Trade Relations involves very much money per year. Of course, I should assume that you can get accurate information as to the time occupied in editing in the Bureau of Trade Relations.

STATEMENT OF HON. P. C. KNOX, SECRETARY OF STATE.

The CHAIRMAN. Mr. Secretary, there is one thing I want to direct your attention to and see whether you can give us some explanation of the matter. The Secretary of the Treasury has furnished us with certified copies of certificates filed by you for the fiscal year 1911 for moneys paid out of the emergency fund, and the aggregate of your certificates for last year, which you can verify if you desire, is \$92,881.27, while you only had a fund of \$90,000 to draw from. The committee would like to have you explain——

Secretary Knox (interposing). How we can spend more money than we have?

The CHAIRMAN. Yes; how you managed to spend \$2,881.27 more than you had.

Secretary Knox. Well, I think I can tell you about that. There is a good deal of money paid out of the emergency fund in the nature of advances. For instance, you come in with a constituent and he has a claim against some foreign Government that you desire the State Department to diplomatically espouse and undertake to settle. The moment the State Department takes up that claim it ceases to be the claim of your constituent and becomes the claim of the United States. The moment the claim is diplomatically espoused it is a Government claim, and it is a matter then between the two Governments. All of the expenses that are incident to the claim are paid, however, out of this emergency fund, and if we collect the claim, then we charge up against the amount collected all of the expenses that we have incurred. If we happen to collect the claim within the fiscal year—which does not happen once in 500 times, because such claims are pretty slow, but sometimes that thing has happened—then the expenses are turned back into the emergency fund. If we do

not collect the claim until after the expiration of the fiscal year, those advances are collected from the proceeds of the claim and turned back into the Treasury. Now, I presume that \$2,800 over and above the \$90,000 was money advanced for some reason or another during the fiscal year and came back, so that the first expenditure was not, in fact, an expenditure, but was an advance; but we account to the Treasury for it just as if it had been an expenditure. That is the only explanation there is to it.

The CHAIRMAN. Do you know whether, as a matter of fact, any part of that money was expended in that way and afterwards collected and turned back?

Secretary KNOX. Well, when you ask me as to the details, I do not know. I am only saying it could occur, but I could not go into details for you. I think that during this fiscal year we will probably turn into the Treasury in the neighborhood of \$30,000 or \$40,000 that was advanced from time to time for the last five or six years in connection with a very important claim against a foreign Government, which has just been collected, and the total expenses that have been paid from year to year out of the emergency fund will probably amount to \$30,000 or \$40,000. That will all go back into the Treasury. We do not turn it over to the fund if it comes in after the expiration of the fiscal year. But I could very easily ascertain for you.

The CHAIRMAN. Will you ascertain and furnish the committee with a statement as to any money that was paid out of this fund last year for the purposes that you have mentioned and repaid to this fund?

Secretary KNOX. Yes.

The CHAIRMAN. And from what sources?

Secretary KNOX. Well, you mean from what sources in what sense?

The CHAIRMAN. From what sources you got this money.

Secretary KNOX. Well, I might or I might not be willing to state the sources; that would depend altogether on what the transaction was.

The CHAIRMAN. I understood you to say that the sources would be that you would take the money out of this money that you had collected and then reimburse this fund.

Secretary KNOX. Yes.

The CHAIRMAN. If you collected a claim for me against the French Government, for instance, and then should deduct from the amount paid me the amount of money that you had advanced out of this fund—

Secretary KNOX (interposing). I would not have the slightest hesitancy about telling you that; but if we advanced the money for some critical and delicate emergency and \$1,000 or \$1,500 came back in some way, I think I would not be permitted to make that statement. But there is no use of differing over the question as to what I might or might not do under particular circumstances until we find out what the circumstances are. I have no doubt we will be able to tell you exactly all about it. I would be glad to do more; I will go back for five years and show you how much money has come back and been turned into the Treasury out of that fund, if you would care to have it.

The CHAIRMAN. Suppose you make it six years, as we have a statement as to the amount of money that has been expended for the last six years.

Secretary KNOX. I do not care about the number of years; you can go back as far as you want.

Mr. DENT. As I understand you, if the money that is collected from a foreign Government is received during the fiscal year, then you credit it to this fund, but if it is received after the fiscal year expires you turn it into the Treasury?

Secretary KNOX. Yes, sir; that is right.

The CHAIRMAN. Your disbursing officer, Mr. Morrison, was called upon to produce before the committee vouchers showing how the fund of \$20,000 which Congress appropriated to pay the expenses of the celebration of the discovery of Lake Champlain had been expended, but he failed to produce those vouchers this morning and made a statement that those vouchers had been taken away from his office. Do you know anything about where they are?

Secretary KNOX. They are in the State Department.

The CHAIRMAN. Do you know when they were withdrawn from his office?

Secretary KNOX. I do not know anything about it; they may not be in his office, but they are in the State Department.

The CHAIRMAN. Have you any objection to producing them?

Secretary KNOX. I could not produce them under the Executive order; the Executive order specifically directs the Secretary of State and all other employees of the State Department to decline to furnish any papers connected with any expenditure covered under section 291 without written authority from the President.

The CHAIRMAN. Will you request written authority from the President to present those to the committee?

Secretary KNOX. Well, I will speak to the President about it; I do not like to say now that I will request him to do it.

The CHAIRMAN. Were you Secretary of State when this money was paid out?

Secretary KNOX. I believe I was. I became Secretary in March, and I think it was paid out in June or July, somewhere along there.

The CHAIRMAN. Will you explain to the committee why you covered that expenditure under section 291?

Secretary KNOX. I suppose it was because that was the practice of the department. Personally at that time I had very little knowledge of the details of the finances and of the accounts of the department. They have undergone a complete change and new rules have been adopted since I have taken the office. Naturally in the early part of my administration things would be presented to me and signed on the representation that it was in accordance with the practice of the department. Of course, under those circumstances, with the approval placed on the document and properly initialed by the officer designated to perform that service, it would pass my hands just as a matter of course. Since then, as far as the emergency fund is concerned, a new rule has gone into force that no expenditures are to be made out of the emergency fund unless they are brought to the Secretary in a separate envelope marked for his personal inspection and supervision, so that he may exercise knowingly

his discretion in regard to each particular matter, and it does not go through with the balance of the mail or papers presented for signature. There is usually a pile of letters and papers a foot and a half high presented to be signed in one day, and they are usually signed *pro forma*.

The CHAIRMAN. When was that rule promulgated?

Secretary KNOX. Well, it is within a year; some time last spring; I can not tell you the exact date.

The CHAIRMAN. Can you furnish the date to the committee?

Secretary KNOX. I can furnish you the date and a copy of the order, if you would like to see it.

The CHAIRMAN. Did you order the removal or withdrawal of those vouchers just spoken of from the disbursing officer's office?

Secretary KNOX. I did not.

The CHAIRMAN. Do you know who did?

Secretary KNOX. I do not think anybody ordered the removal of any papers; some officer of the department may have them in his possession for some purpose; I do not know anything about it, but I guarantee you that they are there.

The CHAIRMAN. Mr. Morrison testified this morning that some one instructed him to turn them over to some one in the department.

Secretary KNOX. I think it is altogether likely that since the matter of this expenditure has been raised by this committee some officer of the department has wanted to see the vouchers and sent for them and undoubtedly has them. However, as long as they are in the department they are in the custody of the Secretary of State, whether they are in one room or in another room.

The CHAIRMAN. The disbursing officer, though, is really the custodian of those vouchers?

Secretary KNOX. No: the Secretary of State is the custodian of everything down there.

The CHAIRMAN. But the Secretary of State usually keeps those vouchers in the office of the disbursing officer?

Secretary KNOX. Certainly; there are certain places for certain things, and their final lodgment would be in his office; there is no doubt about that.

The CHAIRMAN. In that same subpoena we asked for the vouchers showing how the appropriation made in 1906 for bringing home criminals, which was covered by these same certificates, was expended, and your disbursing officer, Mr. Morrison, testified this morning that he had had possession of them, but that they had been sent for and taken from his office.

Secretary KNOX. I never heard anything about that, but I am sure they are there somewhere.

The CHAIRMAN. And we also asked for the vouchers showing how the appropriation for the Convention of Hygiene and Demography, held in Washington, was expended, and he said those vouchers—

Secretary KNOX (interposing). We have not had that congress as yet.

The CHAIRMAN. That was held in 1908, I think.

Secretary KNOX. Not here. I know there is a project now on foot to hold it here during this year or next year.

The CHAIRMAN. I think it was held a few years ago.

Secretary KNOX. I thought it was held abroad.

Mr. DENT. But Mr. Morrison said he had not turned those vouchers over on the instruction of anyone.

The CHAIRMAN. I remember that now; he said he had those vouchers. We asked him when all these vouchers were removed from his office and he declined to tell us until he could talk to you about them. Would you object if Mr. Morrison gave us that information?

Secretary KNOX. As to where those vouchers are?

The CHAIRMAN. As to when they were taken from his office and who took them?

Secretary KNOX. None whatever. I never heard of the vouchers myself.

Mr. DENT. We also asked him whether or not the order to remove the vouchers had been made since the subpoena duces tecum was served on him, and he declined to answer that question.

Secretary KNOX. Well, when you gentlemen get Mr. Morrison up here it rattles him so he hardly knows what he is telling.

Mr. DENT. Well, we do not intend to do that.

Secretary KNOX. Well, it is temperamental with Morrison, I think.

The CHAIRMAN. I do not think it makes much difference, but that Demography Congress was held in 1909.

Mr. DENT. At any rate, Mr. Morrison testified that he had not turned over those vouchers.

Secretary KNOX. I do not think it is at all improbable that, when you raise a question about some item in the department, some of the higher officials of the Department of State send for these papers to see what you are trying to get at, and if they pass out of Morrison's personal custody—that is, out of his room—they have only gone to the room of some other officer in the department. Mr. Hale or the chief clerk, or somebody else, may have sent for them, but why I can not tell you, because I have never had occasion to inquire. But there is no attempt to shift the vouchers around from place to place so they would not be responsive to a subpoena if, under the Executive order, we would have a right to produce them.

The CHAIRMAN. Mr. Secretary, we do not believe that you had any right, under the law, to cover the expenditures out of the appropriation made to pay the expenses of the celebration of Lake Champlain under section 291, and feeling that way about it, we want to have the matter settled, and I will ask you again whether you will be willing to produce those vouchers before the committee on a subpoena duces tecum, or without a subpoena on the mere request of the committee?

Secretary KNOX. I would be willing if the President should so direct me, but the President has directed that no papers or testimony of any kind covering any expenditure under section 291 should be furnished by the Secretary or any other officer of the Department of State without his written direction.

Mr. DENT. And the order of the President is regardless of the nature of the claim?

Secretary KNOX. The order is just as I say to you—any moneys that were paid or accounts that were settled under that section. I should be very glad to say to the President of the United States that I would like to have him authorize me to show Mr. Hamlin those vouchers if he comes down and wants to look at them personally, if it would be any satisfaction to him.

The CHAIRMAN. Well, I think Congress would be very glad to see them.

Secretary KNOX. That may be. Then they ought to change the act.

The CHAIRMAN. Well, I do not think the act applies to such accounts.

Secretary KNOX. Well, now, did you ever look at the act closely? The act says that any expenditure from any appropriation made for foreign intercourse may, in the discretion of the President, be covered under that section; that has always been my reading of the act.

The CHAIRMAN. In order to get the matter properly before the House, perhaps it would be better to serve you with a subpoena duces tecum, and then you can make your return in such manner as you desire.

Secretary KNOX. All right, sir; I am accustomed to them.

Mr. DAVIS. I was not present this morning, Mr. Secretary, and only came in a short time before the previous witness finished his testimony. It seems that the testimony given by the previous witness pertains to the editing of certain statistics that are received in the Bureau of Trade Relations in your department, and also the editing of the same material in the Bureau of Manufactures, Department of Commerce and Labor, and the point involved is as to the necessity of the material that is edited in the Bureau of Trade Relations being again edited in the Bureau of Manufactures of the Department of Commerce and Labor. Perhaps you were sitting here and heard his explanation.

Secretary KNOX. I heard part of his testimony.

Mr. DAVIS. I would like to ask you whether there is any matter of diplomacy connected with any of the matter that is sent to the Bureau of Manufactures of the Department of Commerce and Labor that could not just as well be edited in the Bureau of Trade Relations in the State Department?

Secretary KNOX. I should say, without having had my mind directed to the matter, and because I was only here a few moments before you came in, that the editing of the consular reports in the Bureau of Trade Relations of the State Department is very slight and very occasional. Sometimes a consular agent, a consul general, a consul or vice consul will, in making his report, state the source of his information; it may be governmental or it may be from such source that it would not be politic to disclose it, or it may be that he would make some reference to a foreign official in some terms that it would not be politic to publish it; and our people just run over them to see if there is anything of that kind, and blue-pencil it, and then transmit it to the Department of Commerce and Labor, which department circulates these consular reports for the benefit of American business.

Mr. DAVIS. Would you care to express an opinion as to the possibility of a consolidation of these two departments?

Secretary KNOX. The editing work is such a trifling thing; that in the Bureau of Trade Relations in the Department of State it practically amounts to nothing; it is only an incident of their main work. The bureau is simply a conduit through which these reports go to the Secretary of the Department of Commerce and Labor. You see what we do through the Bureau of Trade Relations is to promote American trade abroad, and what the Depart-

ment of Commerce and Labor does is to promote American trade at home, and incidentally there is a border line on which the two systems must overlap. They have officials that they sometimes use in foreign fields. But American business abroad is looked after, and has been very materially looked after, by the Consular Service, the same as in all other Governments; all other Governments conduct their commercial relations with foreign governments through their consular service, and that is the way we do. And it is good business to diffuse the knowledge that may be gathered for the benefit of American commerce, and we turn that over, since the organization of the Department of Commerce and Labor, about eight years ago, to them, and they print it and transmit it to our merchants and manufacturers and our farmers and everybody else interested.

As I say, this information comes from consular reports, and there may be one report in which something will appear that ought to be stricken out before it is sent over to the Department of Commerce and Labor to be printed and circulated; and those things will arise in the State Department, and of course we edit those reports before they go to the other department. Now, I suppose that almost any intelligent man in the department could do it, for that matter.

Mr. DAVIS. Then, as a matter of fact, it would be feasible to have a representative from the State Department connected with this other bureau and do the editing that you refer to?

Secretary KNOX. Well, it would be feasible; but we do not employ any extra people for the purpose of editing. You probably would have to employ an expert person if you sent that work over to the Department of Commerce and Labor, because our people are familiar with what would be undesirable to print, and they would do it almost mechanically.

The CHAIRMAN. Would it be feasible, then, for the Bureau of Trade Relations to do all of that work and take over the Bureau of Manufactures from the Department of Commerce and Labor—that is, consolidate the work and do it by the help of your people?

Secretary KNOX. The Bureau of Trade Relations could print, if they had the necessary appropriation for that purpose, the consular reports, and if they had the necessary clerks could mail them to the general public; but the Department of Commerce and Labor, like the Department of State, has so many other related duties to perform that it is really better to have it done, I think, as it is done now. I think experience has shown that is the better way to handle it.

The CHAIRMAN. You would not advise a consolidation?

Secretary KNOX. Well, not in my present light on that subject, Mr. Hamlin. The matter has been talked about. I have talked to the Secretary of the Department of Commerce and Labor about the wisdom and advisability of taking up the question as to whether some of the functions of the Department of Commerce and Labor could not be better discharged in the State Department, but we have never yet reached any conclusion that would justify either of us in making any recommendation. I talked it over last year with Mr. Tawney a little; it is not a new subject at all.

The CHAIRMAN. It has occurred to me that there must be something in the nature of duplication there, and I think we are all interested in trying to save everything we can; and the idea was whether

there could not be a consolidation of one with the other—I do not care which—thereby making a saving to the Government.

Secretary KNOX. I do not think you could put the Bureau of Trade Relations into the Department of Commerce and Labor without entirely disrupting our system of handling our foreign business. If anything of that sort took place you would have to put the consular service over there, because those two branches of the service work together constantly, the consular service and the Bureau of Trade Relations. But the Bureau of Trade Relations would have to be maintained, if we are going to effectively discharge the many important duties that the Department of Commerce and Labor would not under our system have any relation to; and that is the negotiation of, for instance, reciprocal agreements with other countries, looking after the question of urging the lowering of the tariffs in other countries or the modification of administrative regulations that make the shipment of our goods into other countries difficult. For instance, the other day the bureau investigated and reported on the arbitrary tare on baled cotton, which we are trying to get reduced. The Bureau of Trade Relations investigated that, and it shows how we can save several millions of dollars to the American shippers of cotton if we improve the manner of baling and packing the cotton. Those are the things that they are primarily engaged in, and are their most important functions.

Mr. DENT. Well, you state the reason, with which I agree, why it should not be transferred to the Bureau of Manufactures of the Department of Commerce and Labor, but I did not understand you to say why this work of the Bureau of Manufactures of the Department of Commerce and Labor could not be transferred to the Bureau of Trade Relations.

Secretary KNOX. Because 90 per cent, I should say roughly, of the functions of the Bureau of Manufactures is domestic in its character. It is a domestic institution, with some few incidental functions that, as I say, lap over a little in the foreign field, and necessarily lap over.

Mr. DENT. There would be no objection to that, so far as the legal aspect is concerned, provided it could be done with much less expense?

Secretary KNOX. Well, I do not believe you could do it at any less expense; I do not think you could save any clerical force or any directing force in the State Department by doing it. Of course, I am not competent to speak about the Department of Commerce and Labor.

Mr. DENT. Your first-blush opinion is, then, that if it were transferred to your department, the State Department, you would have to increase your clerical force in order to do the added work?

Secretary KNOX. In other words, I think it is perfectly reasonable that the same cost of printing and transmission that is necessarily incurred by the Department of Commerce and Labor now would be an increase in the Department of State; we would have to do it practically as they do it and it would take as much force for us to do it as it would for them to do it.

Mr. DENT. It would just transfer the charges from one department to the other?

Secretary KNOX. That is all it would amount to, in my judgment.

TESTIMONY OF MR. THOMAS MORRISON—Continued.

The CHAIRMAN. Mr. Morrison, are you now prepared to answer those questions that were propounded to you this morning as to when those vouchers were taken from your office and to whom they were delivered?

Mr. MORRISON. The first one was the Champlain——

The CHAIRMAN (interposing). The vouchers showing how the appropriation for the celebration of Lake Champlain was expended. You said this morning that you did not have possession of them and that you did not know when they were withdrawn from your office.

Mr. MORRISON. They were withdrawn on the 6th of December last.

The CHAIRMAN. By whom?

Mr. MORRISON. The Assistant Secretary.

The CHAIRMAN. On the 6th of December, Mr. Morrison?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Who withdrew them?

Mr. MORRISON. The Third Assistant Secretary, Mr. Hale.

The CHAIRMAN. By a written order on you?

Mr. MORRISON. He asked for them; called for them over the telephone.

The CHAIRMAN. And you have not seen them since?

Mr. MORRISON. Yes; they are in my possession. He returned them to me.

The CHAIRMAN. When did he return them to you?

Mr. MORRISON. On Saturday.

The CHAIRMAN. Did you not state this morning that you did not have them?

Mr. MORRISON. No; not those vouchers.

The CHAIRMAN. Did you not state this morning, in answer to questions both by myself and Mr. Dent, that you did not now have the possession of those vouchers, but that they had been withdrawn, and you declined to tell when they were withdrawn?

Mr. MORRISON. If I made that statement it was a mistake; he handed them to me on Saturday.

The CHAIRMAN. Who did?

Mr. MORRISON. Mr. Hale.

The CHAIRMAN. Personally?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Did he bring them over to your office?

Mr. MORRISON. No.

The CHAIRMAN. You went over there and got them?

Mr. MORRISON. He handed them to me in his office.

The CHAIRMAN. What did you do with them?

Mr. MORRISON. They are in my office.

The CHAIRMAN. What did you do when he gave them to you?

Mr. MORRISON. I put them back in the files.

The CHAIRMAN. Then they are in your files, and were this morning?

Mr. MORRISON. Yes.

The CHAIRMAN. And they were in the files this morning?

Mr. MORRISON. Yes; he delivered them to me on Saturday.

The CHAIRMAN. And you put them back in the files on Saturday?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Well, do you not remember stating this morning that you did not have them?

Mr. MORRISON. I thought you referred to the other papers withdrawn on Saturday by direction of the chief clerk.

The CHAIRMAN. What papers were those withdrawn on Saturday?

Mr. MORRISON. Did you not make inquiry about two vouchers?

The CHAIRMAN. Yes; I did; but what were they?

Mr. MORRISON. Payments made out of the appropriation to bring home criminals.

The CHAIRMAN. Yes; that was called for in the subpoena.

Mr. MORRISON. Yes.

The CHAIRMAN. They were withdrawn from your office on Saturday last?

Mr. MORRISON. Yes; in compliance with this subpoena.

The CHAIRMAN. The subpoena required you to bring them here. How did that comply with the subpoena?

Mr. MORRISON. Well, it was my business to take the subpoena and those vouchers to the Department of State.

The CHAIRMAN. And you took the subpoena and the vouchers over to the chief clerk?

Mr. MORRISON. I did; yes.

The CHAIRMAN. On Saturday?

Mr. MORRISON. I did.

The CHAIRMAN. And what did he do with the vouchers?

Mr. MORRISON. Retained them until they were handed to me to-day.

The CHAIRMAN. What time to-day?

Mr. MORRISON. Why, this afternoon.

The CHAIRMAN. Since you were here this morning?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. And they are back in the files now, are they?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Why did you not bring them with you this afternoon?

Mr. MORRISON. Well, I have already explained why I did not.

The CHAIRMAN. How did he happen to hand them back to you this afternoon; that is, since you were here?

Mr. MORRISON. Well, he simply handed them back to me to put back in the files.

The CHAIRMAN. Did he bring them over to your office?

Mr. MORRISON. No, sir.

The CHAIRMAN. Did you go over to his office?

Mr. MORRISON. Yes, sir.

The CHAIRMAN. Did you go over and ask for them?

Mr. MORRISON. No, sir.

The CHAIRMAN. What did you go over there for?

Mr. MORRISON. I went over to see him.

The CHAIRMAN. What about?

Mr. MORRISON. Well, I went over to see him on business connected with my office.

The CHAIRMAN. You did not go over there in connection with the matters that had transpired here this morning?

Mr. MORRISON. Nothing more than to repeat what had taken place.

The CHAIRMAN. You went there and reported to him what had taken place?

Mr. MORRISON. Yes.

The CHAIRMAN. Then did you ask him to give you these vouchers?

Mr. MORRISON. No.

The CHAIRMAN. What did he say about them?

Mr. MORRISON. He said, "They are here; you had better take possession of them," and he handed them to me.

Mr. DENT. This subpoena was served on you last Friday, was it not?

Mr. MORRISON. I think it was Friday afternoon sometime.

Mr. DENT. And you turned the papers over to some one else on the following Saturday?

Mr. MORRISON. I took the subpoena and the papers over on Saturday.

The CHAIRMAN. And delivered the papers to some other officer in the State Department?

Mr. MORRISON. Yes, sir.

Mr. DENT. On Saturday after the subpoena had been served on you?

Mr. MORRISON. Yes, sir.

Mr. DENT. And this morning when you were on the witness stand, as I recall, you said that you did not have possession of any of the papers called for by this subpoena, except those relating to the appropriation for the International Congress of Hygiene and Demography: do you remember testifying to that effect?

Mr. MORRISON. I made a statement here, but I could not really tell what it was now.

Mr. DENT. You do not remember what you testified about this morning?

Mr. MORRISON. No; I thought you made inquiry about those certain papers: whether those are the papers you are inquiring about or not I can not swear to that; but you did make inquiries as to payments out of the appropriation for bringing home criminals.

Mr. DENT. Which were the papers called for in this subpoena that were returned to you Saturday?

Mr. MORRISON. Why, the papers in connection with the celebration at Lake Champlain.

Mr. DENT. They were returned to you on Saturday?

Mr. MORRISON. Yes, sir.

Mr. DENT. And you do not recall testifying this morning that you did not have possession of them?

Mr. MORRISON. If I did it was a mistake; if I made such a statement it is a mistake, because they were in my possession on Saturday.

Mr. DAVIS. Mr. Morrison, I was not here this morning, but it seems you did not present those papers then and have not now; why did you not bring them with you this afternoon if you have them in your possession?

Mr. MORRISON. It is because those payments were made out of section 291 of the Revised Statutes.

Mr. DAVIS. That is the reason, is it?

Mr. MORRISON. Yes, sir.

Mr. DAVIS. I did not know.

Mr. MORRISON. Yes, sir; I made that statement.

The subcommittee thereupon adjourned.

No. 15

HEARINGS

BEFORE

THE COMMITTEE ON EXPENDITURES IN THE
STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

JANUARY 25, 1912

WASHINGTON
GOVERNMENT PRINTING OFFICE
1912

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, Missouri, *Chairman.*

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERRY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk.*

D. C. D.

1911

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EXPENDITURES IN THE STATE DEPARTMENT.

COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT, *Thursday, January 25, 1912.*

The committee met at 2 o'clock p. m., Hon. Courtney W. Hamlin (chairman) presiding.

STATEMENT OF HON. P. C. KNOX, SECRETARY OF STATE.

The CHAIRMAN. Mr. Secretary, on the 23d of this month you were served with a subpoena asking you to bring with you and produce before the committee all vouchers or receipts covering any and all moneys paid out by the disbursing officer of the State Department, or by any other persons under the instructions of said department, out of the appropriation made by Congress "For expenses of the proposed celebration, during the first week of July, 1909, to commemorate the three hundredth anniversary of the discovery of Lake Champlain by Samuel de Champlain, \$20,000," approved March 4, 1909. Did you bring those vouchers with you?

Secretary KNOX. Mr. Chairman, when I was here the other day you asked me if I would produce those vouchers, to which I replied that as the payments seemed to have been covered under the provisions of section 291 I had no authority under the Executive order of the President to produce them without his written direction; I told you, however, when you asked if I would take up the matter with him, that I would take the matter up with the President, which I have done, and after a personal investigation of the whole matter I have written a letter to the President telling him the result of my investigation and requesting that he give me direction to produce the vouchers. He has directed me to do so and I have them here. The explanation of the whole matter is contained in my letter to the President, and I desire to read or have that letter read as a part of my answer to your question.

The CHAIRMAN. You have those vouchers with you?

Secretary KNOX. Yes. But I would like the privilege of reading the letter in order to explain why I requested the President to direct that the vouchers be furnished. I might say that I have discovered that no money was paid out by the department on account of any expenditures connected with that celebration except to the commissioners of the States of New York and Vermont, under whose joint auspices the celebration was conducted, and that under the appropriation appropriating money for those expenses, the State Department had nothing whatever to do with them; the State Department was not directed by Congress to supervise the expenditures at all; the appropriation was not made to pay the expenses of the foreign guests of the United States, but was made to pay the expenses of the celebration

and the money was paid out in August, 1909, to those gentlemen upon their presenting evidence that they had made expenditures to the amount covered by the appropriation. Now, my letter to the President, which I only was able to send to him to-day—I saw him about 12 o'clock and explained it to him—which explains the whole transaction, is as follows:

JANUARY 25, 1912.

DEAR MR. PRESIDENT: On Monday, the 22d instant, I was subpoenaed to appear before a subcommittee of the House Committee on the Expenditures in the State Department. The subpoena contained no suggestion as to the matters concerning which the committee desired to interrogate me, nor did I have knowledge from any other source as to the subject or subjects under investigation. Among other things the committee inquired if I would produce the vouchers showing the expenditure of money in connection with the Lake Champlain celebration, which took place early in July, 1909, to which I replied that if these expenditures had been covered under section 291 of the Revised Statutes that by your order of July 7, 1911, I would not be permitted to produce the vouchers without your written authority. The chairman of the committee then asked me if I would endeavor to obtain your authority, to which I replied that I would look into the matter and bring it to your attention.

I have personally made an examination into the matter and discover the following:

On February 27, 1909, by public resolution No. 52, Congress authorized and requested the Secretary of State to extend to the Governments of France and Great Britain an invitation to be represented at and to participate in the proposed celebration during the first week of July, 1909, to commemorate the three hundredth anniversary of the discovery of Lake Champlain by Samuel de Champlain. The deficiency appropriation act approved March 4, 1909, contained under the heading "State Department" the following provision:

"For expenses of the proposed celebration during the first week of July, 1909, to commemorate the three hundredth anniversary of the discovery of Lake Champlain by Samuel de Champlain, \$20,000."

In the latter part of April, 1909, an invitation was extended to the Governments of Great Britain and France to participate in the proposed celebration. This invitation was accepted by both Governments, which in due course notified the department of the names of the persons who would represent them at the celebration, and the department, at the request of the commission of the States having charge of the matter, transmitted on July 1, 1909, invitations to the persons designated. The celebration was duly observed under the direction of the officers thereof created and empowered by the States of New York and Vermont in the legislation authorizing the celebration.

The following briefly summarizes the history of the matter:

Under date of April 10, 1908, the joint commissioners of the States of Vermont and New York presented to the Department of State a joint memorial of those States, relating to the tercentenary of the discovery of Lake Champlain, and requested that the department lay the matter before the President and Congress of the United States, with such recommendation as might seem advisable.

This memorial was communicated to the President on April 29, 1908, by the Secretary of State with a recommendation "that the memorial be laid before Congress with a view to appropriate action." On the following day, April 30, 1908, the President communicated the report of the Secretary of State and the accompanying memorial to Congress with the statement that "As recommended by the Secretary of State, the memorial is laid before Congress with a view to appropriate action."

So far as the department's records show this is the only action which this department ever took, or which the Executive ever took with reference to this celebration in the matter of calling the same to the attention of Congress.

Thereafter Mr. Hill, of the celebration commission, under date of May 9, 1908, requested Secretary Root to communicate with the Committee on Foreign Relations, "an estimate of the amount of money you would advise appropriated for the proposed Tercentenary Celebration of the Discovery of Lake Champlain."

Later Mr. Hill requested that the President recommend that an appropriation be made in compliance with recommendations of the two commissions. Upon this request being referred to the department, Secretary Bacon said, under date of January 28, 1909:

"So far as the presentation to the Congress is concerned, it would seem not to require the intervention of the National Executive, but to be an act to be performed by the States directly through their respective Senators. * * *

"The department is, therefore, of the opinion that the initial steps in the presentation of the memorial to Congress might be taken by the Senators from New York and Vermont, rather than by the President."

It thus appears that the department not only did not recommend the appropriation in question, but that it twice declined so to do, and it does not appear that the President ever recommended an appropriation.

Representative Foster, of Vermont, informs the department by telephone that as a matter of fact he and others working for the celebration in Congress secured this item in the general deficiency bill without any assistance whatsoever from the department.

On June 2, 1909, Commissioner Hays, of the Vermont commission, advised the Department of State that "at a joint meeting of the Vermont and New York Tercentenary Commission his excellency Gov. George H. Prouty was delegated to represent the Vermont commission, and Mr. W. C. Witherbee to represent the New York commission in the matter of the National Government's \$20,000 appropriation for the celebration."

On July 27, 1909, W. C. Witherbee and George H. Prouty, the joint committee of the managers of the celebration, presented an account (with vouchers for the whole sum appropriated) for expenses of the celebration. The account, as rendered, shows that the fund was not expended exclusively for the entertainment of foreign representatives, but was applied to the general expenses of the celebration, as, under the terms of the act, seemed proper. The Assistant Secretary of State approved the claim and it was paid on August 24, 1909, and the transaction covered under section 291 of the Revised Statutes, which provides—

"Whenever any sum of money has been or shall be issued from the Treasury, for the purpose of intercourse or treaty with foreign nations, in pursuance of any law, the President is authorized to cause the same to be duly settled annually with the proper accounting officers of the Treasury, by causing the same to be accounted for specifically, if the expenditure may, in his judgment, be made public; and by making or causing the Secretary of State to make a certificate of the amount of such expenditure as he may think it advisable not to specify; and every such certificate shall be deemed a sufficient voucher for the sum therein expressed to have been expended." (Sec. 291, R. S.)

I have been thus detailed in my explanation in order that the entire facts and circumstances might be clearly before you. In my judgment it was improper to cover the account under section 291, and there was no sufficient reason to make a certificate to the effect that it was not advisable to specify the purpose for which said money was expended. The money was appropriated "for expenses of the proposed celebration." It was a specific appropriation for a specific purpose, and at most, and under any proper theory, all that it was necessary for the Department of State to ascertain was whether, as a fact, that amount of expenditure had been incurred, which seems to have been carefully ascertained from the vouchers on file. It does not seem to me that the money was expended for foreign intercourse. It was expended to encourage and aid a celebration in the United States of the discovery of a lake, around which were clustered historic memories and associations in which two other nations were concerned, and the fact that the United States extended an invitation for the representatives of these nations to be present did not make it international intercourse within the meaning of the statute. If Congress had indicated in the appropriation that it had appropriated the money for the payment of the expenses of the representatives of Great Britain and France, then to the extent that the appropriation was used for that purpose it probably would have been proper to cover the expenditure under section 291, but you will note that the appropriation as made, was for the purpose of paying the expenses of the celebration and not the expenses of the guests invited by the United States, the fact being that the guests invited by the United States, like all other guests who were invited by the local authorities having in charge the celebration, incurred no expense except such as was paid by the celebration authorities themselves, and it was to enable the celebration authorities to pay all the expenses of the celebration that the appropriation was evidently made.

Informal inquiry of Mr. Courts, clerk of the House Committee on Appropriations, brings the information that items such as this are classified by congressional committees under that department or other authority which seems most immediately concerned. I think that it is probable that in this case the committee was led to put it under the State Department, first, because the original memorial was transmitted through the Secretary of State, and, secondly, because it involved an invitation to various Governments to participate. This, however, is merely surmise, Mr. Courts also stated, and this was confirmed by informal conversation by the solicitor with Mr. Ward, Assistant Chief of the Division of Bookkeeping and Warrants of the Treasury, that where the Treasury considers that an item has been improperly classified in any appropriation act, the Treasury reclassified such item, putting it in the place which it considers proper. It would seem that the present appropriation might, in view of its general terms, better have been put under the Treasury than the State

Department. Moreover, as the appropriation is, as has been already suggested, wholly without any direct indication as to the payee or beneficiary of the fund, and as no one is either expressly or impliedly charged with supervising or approving the expenditure thereof, I am of opinion that this department might have turned over to the commission directly and at once the entire sum, without requiring more than proper evidence of delivery thereof; and that the vouchers which the department required to be furnished before final payment were not legally necessary, and that as a matter of fact they evidence the care taken by this department (without any legal necessity whatsoever) to make sure that the funds appropriated were used for the purpose for which they were appropriated.

I therefore, if you concur in these views, respectfully request your written direction to produce before the subcommittee of the House committee the vouchers on file in the Department of State showing how this money was expended by the officers of the celebration organization.

Sincerely, yours,

P. C. KNOX.

The PRESIDENT,
The White House.

After which I have received this reply:

THE WHITE HOUSE,
Washington, January 25, 1912.

DEAR MR. SECRETARY: In view of the facts and circumstances set forth in your letter of January 25, I concur in the conclusions reached and the recommendations therein made by you, and therefore direct you to produce before the subcommittee of the House Committee on Expenditures in the Department of State the vouchers on file in the Department of State showing how the sum of \$20,000 appropriated by Congress in the general deficiency bill of March 4, 1909, for expenses of the proposed celebration during the first week of July, 1909, to commemorate the three hundredth anniversary of the discovery of Lake Champlain by Samuel D. Champlain, was expended by the officers of the celebration organization.

Sincerely, yours,

HON. PHILANDER C. KNOX,
Secretary of State.

The CHAIRMAN. Mr. Secretary, I certainly congratulate you upon getting around to our view of this matter.

Secretary KNOX. I had not the slightest hesitation in getting there when I got started.

The CHAIRMAN. We have certainly done some good if we have convinced you that these expenditures should not have been covered by secret certificates under section 291.

Secretary KNOX. There was no excuse for it whatever.

The CHAIRMAN. I do not hesitate to say, speaking for myself, that it was not so much this particular item as it was the principle of the thing for which I have been contending. We felt that you had a practice in the State Department of covering in settlement with the Treasury expenditures out of appropriations that ought not to be covered by certificates under section 291, and it was for the purpose of settling the question as to whether you could legally do that, that you have been called upon to produce these vouchers.

Secretary KNOX. As I said to you the other day, it became evident to me that there had been loose practice in the department in regard to the authority conferred by section 291, and for that reason—and I think it is due to you to say that the investigations by this committee directed my attention to the subject—I issued the order that I told you about the other day, a copy of which I will furnish you.

The copy of the order referred to is as follows:

[No. 32.]

REGULATIONS GOVERNING EXPENDITURES FROM THE APPROPRIATION FOR "UNFORESEEN EMERGENCIES ARISING IN THE DIPLOMATIC AND CONSULAR SERVICE, AND TO EXTEND THE COMMERCIAL AND OTHER INTERESTS OF THE UNITED STATES."

1. Expenditures from the appropriation for emergencies will be made solely upon written authorizations signed by the President or by the Secretary of State, or, in his absence, by the Acting Secretary of State, in all cases prior to the making of an expenditure or the issuing of any instruction placing a charge upon the appropriation.

2. All authorizations when submitted for signature shall set forth, except as hereinafter ordered to the contrary, (1) the purpose of the expenditure; (2) the rate of compensation if for services; (3) the period of employment or expenditure, if for a fixed term, or, when not definitely known, the approximate term; (4) the total charge to be made against the appropriation, if it can be ascertained, and if not, an approximate estimate; (5) the available balance of the appropriation at the time of authorization (the balance to be inserted in the authorization by the Chief of the Bureau of Accounts over his initials prior to the signing of the authorization by the Secretary of State).

3. Persons traveling or on special detail in connection with the objects of the appropriation, whose accounts are payable from the appropriation, shall receive reimbursement for actual, reasonable, and necessary expenses in addition to their regular compensation provided by law or regulation. Persons not in the employ of the Government may be given a stipulated rate of compensation and actual and necessary expenses, or a per diem in lieu of compensation and expenses according to the direction of the President or the Secretary of State in each case. A per diem allowance for expenses in addition to salary provided by law is prohibited. A copy of the appointment, designation, or contract in each case must be annexed to the account when submitted for approval.

4. The disbursement of moneys from the appropriation shall ordinarily be made by check, but cash payment may be made in those cases authorized by Treasury Regulations when the payment is made by the disbursing officer in person or by his deputy and the exchange of money and the receipt therefor is simultaneous.

5. When for any reason the President or the Secretary of State may deem it inexpedient in the public interest to make known the purpose or manner of a proposed expenditure from the appropriation, the authorization will be so drawn for the amount stipulated, and the money will be paid over to the President or the Secretary of State upon the execution of a receipt therefor, which shall be filed as a voucher.

6. When presented for approval, all accounts for moneys chargeable to the appropriation shall have attached thereto the authorization in each case, and shall be itemized and supported by vouchers according to the usual practice required by law and the regulations of the Comptroller of the Treasury, except in cases where from the nature and method of the expenditure it is impracticable or inexpedient in the public interest to do so, and in such cases the personal certificate of the person expending the money may be accepted in lieu of vouchers in support of the account, when approved by the Secretary of State.

7. All accounts for moneys payable from the appropriation for emergencies that are not of a confidential nature shall be settled with the accounting officers of the Treasury by submitting the original paid vouchers in the same manner as expenditures from other appropriations, but such as may be considered confidential will be settled upon a certificate signed by the Secretary of State, or in his absence by the Acting Secretary of State, under section 291 of the Revised Statutes.

8. All authorizations, accounts, and certificates relating to the aforesaid appropriation will be presented for the signature of the Secretary or Acting Secretary of State through the Director of the Consular Service or such other officer as shall have been designated by the Secretary of State to supervise the finances of the Department.

9. The authorizations given shall be numbered and filed numerically by the Bureau of Accounts and separate from the paid voucher, the number and date of each authorization being noted upon the account to which it relates.

10. All correspondence in relation to expenditures from the appropriation for emergencies shall be signed by the Secretary of State, or in his absence by the Acting Secretary of State.

These regulations will become effective on and after June 15, 1911.

P. C. KNOX.

DEPARTMENT OF STATE,
Washington, June 1, 1911.

[No. 31.]

It is hereby ordered that from this date and until otherwise directed the general administrative departmental supervision of all financial matters affecting the foreign service establishment shall be in charge of the Director of the Consular Service, acting under the general direction of the department.

The formal signature and approval required by law to be by Assistant Secretaries will continue as now allotted. The administrative direction and responsibility in all financial matters affecting the Departmental, Diplomatic, and Consular Services will continue under the administrative direction and supervision of the chief clerk, the Third Assistant Secretary, and the Director of the Consular Service, respectively, as at present.

The Third Assistant Secretary of State and the Director of the Consular Service will require, respectively, from the Chiefs of the Diplomatic and Consular Bureaus, as well as from other departmental officers concerned, the most painstaking and methodical assistance. The chief clerk will make similar requirement of all departmental officers concerned, and including especially those in charge of the stationery room, mail room, stables, etc., and those concerned in the purchase or handling of departmental supplies. The chief clerk will also take all steps to introduce labor-saving methods in the department, and to make sure day by day that the clerical force is so distributed as to accomplish the maximum amount of work.

In this connection the chief clerk will proceed at once to collect and submit to the general direction of the department the absolutely accurate efficiency reports upon department personnel contemplated by the Executive order of November 26, 1909.

The Bureau of Accounts will report directly to the Director of the Consular Service in addition to conferring with the Third Assistant Secretary and the chief clerk. No class of correspondence will be carried on by the Bureau of Accounts except as specifically authorized by the Director of the Consular Service, the Bureau of Accounts limiting its activities to the actual processes of accounting, verification, disbursement, estimates, etc.

Every item of proposed expenditures must be passed upon by the bureau, division, or office within the sphere of the work of which the object of the expenditure falls. It must also be passed upon by the Diplomatic Bureau, the Consular Bureau, or the chief clerk, according to the branch of the service affected. It must also be passed upon by the Third Assistant Secretary if diplomatic, and if consular by the Director of the Consular Service, who also in all doubtful cases will always consult the comptroller and when desirable the solicitor, who will familiarize himself with the laws bearing upon the financial affairs of the department. In case of any particularly important or unusual item, the general direction of the department will also be consulted before final authorization is given. With the exception of signatures required by law, the fact of approval may be indicated by the initials of the officer so approving.

The same officers will be responsible for the determination of the fact that the department got value received for the expenditure made, the Bureau of Accounts being responsible for such questions as those of availability of funds and the correctness of the whole process. These rules shall be rigidly applied to all expenditures.

To enable the Director of the Consular Service to assume this additional responsibility, he is hereby authorized so to strengthen the Consular Bureau, by transfers or otherwise, as to enable that bureau to relieve him of such amount of the detail of consular work as will leave him only what is appropriate and necessary for the attention of the administrative officer directing that service.

P. C. KNOX.

DEPARTMENT OF STATE,
Washington, May 20, 1911.

[No. 34.]

The Third Assistant Secretary and the chief clerk of the department are hereby designated to make, semiannually, an examination of all expenditures made by the Chief of the Bureau of Accounts and disbursing clerk other than those subject to the examination and audit of the accounting officers of the Treasury. Particular attention is to be directed to all expenditures covered by certificate in pursuance of section 291 of the Revised Statutes. The examination will take place during the months of July and January and will include an inspection of all vouchers, account books and other evidences of expenditures of money, and the proper checking of those vouchers against the accounts of the various appropriations, and of the accounts of the Chief of the Bureau of Accounts and disbursing clerk. Upon the completion of each examination

a written report will be made to the Secretary of State showing the condition of the accounts and pointing out any irregularities that may be found to exist or any improvements in methods that may be thought to be desirable.

This order shall be in effect on and after July 1, 1911.

P. C. KNOX.

DEPARTMENT OF STATE,
Washington, July 1, 1911.

Secretary KNOX. Under the operation of that order no vouchers are passed under section 291 unless they are brought to me in a separate envelope printed on the back in legible type, "These vouchers are for the personal inspection of the Secretary of State," for the purpose of considering whether they are proper to be passed under section 291; they are not brought to me with the mail, and the chief clerk is directed to deliver them to my private secretary with instructions that these are vouchers proposed to be passed under section 291 and are to be handed to me personally, so that I am trying to do everything in my power at least to see that proper practice is followed.

The CHAIRMAN. I am very much obliged to you for that statement, and I will say, furthermore, that I am sure it is not the purpose of this committee to try to get hold of information that we ought not to have; but we had reached the conclusion—some of us at least—as I said a while ago, that the practice in the State Department had been such that many dollars of the public money was being expended and information in regard to the expenditures denied to Congress and to the public that ought not to be denied to the public. I feel, of course, that Congress being the body that appropriates the money it is entitled to all the information as to how it is expended, and that if there is anything that ought to be kept secret we can keep it as well as anybody else. It will be noted at this point that the vouchers requested have been filed with this committee and are printed as an appendix to this hearing. Your disbursing officer was requested to produce before the subcommittee vouchers showing how the fund given to the State Department in 1906 to pay the expenses of bringing home criminals was expended and he declined to produce those vouchers. I assume that now you take no issue with the proposition that that fund ought not to have been covered by section 291 and would be willing to produce those vouchers?

Secretary KNOX. I would hesitate to make that statement unless I looked into the matter, just as I hesitated the other day to make any statement about what I would be willing to do in respect to these vouchers. The payment to which you now refer was under another administration and I would feel a little more inclined to look into it pretty closely than if under my own administration of the department. I do not know anything about what those vouchers cover because I have never had my attention directed to the appropriation. I have no doubt it is just as you state it is and I do not know any reason why the fund was covered under section 291, but I do not know any reason why it should not have been. The fact is that I do not know anything about it; that is all.

The CHAIRMAN. The language of the statute seems to me to preclude any possibility of its being properly covered in settlement by secret certificate. The language of the appropriation is: "Actual

expenses incurred in bringing home from foreign countries persons charged with crime."

Secretary KNOX (interposing). What was the date?

The CHAIRMAN. 1906. I might make this further statement for your information that it appears a fund for this purpose is practically given every year and that this is the only time that that expense has been covered by these secret certificates, at least within the last six years.

Secretary KNOX. If I were allowed to surmise, without stating what I know, I think that was the year we brought Greene and Gaynor from Canada. You know Greene and Gaynor were the men who were involved in that swindle down in Georgia and cheated the Government out of six or eight hundred thousand dollars. They fled to Canada, and we had to fight seven or eight years before we could get them back. Now, it may be that some extraordinary expense was incurred by the Department of State in reaching those criminals, and it may be that it was some expense which it would not be judicious to make public. I do not know that it related to that case; but I do know that the case was under consideration in 1906. However, I will look into it, and if there is no real reason why those vouchers should not be produced, of course I will not have the slightest hesitation in producing them.

The CHAIRMAN. The language of that appropriation is, "Actual expense incurred in bringing home from foreign countries persons charged with crime," so many dollars. Now, my position is this, that where a specific appropriation is made for a specific purpose, as this was, you could not possibly cover that in a settlement with the Treasury under section 291, because you have no discretion in that matter; you have got to use that money for the purpose for which Congress appropriated it, and in doing that there could not possibly be any secrecy about it. If anything of a delicate nature should arise in connection with it, then you had your emergency fund to draw on and covered such portion as you might have used out of that.

Secretary KNOX. It could have been done in that way, I have no doubt.

The CHAIRMAN. Here is a great bundle of certificates covering thousands and thousands of dollars, aside from the emergency fund, of the expenditures out of specific appropriations like these we have been talking about, and it seems to me that is a practice that ought not to continue in the State Department, and my real purpose has been to try to change that practice in the State Department and break up that practice.

Secretary KNOX. I think you would have to change the act if you are going to put that construction on it. I do not read that act as limiting the right to pass expenditures under section 291 to the emergency fund.

The CHAIRMAN. Well, Mr. Secretary, I do not care to get into a legal discussion with you, because I would not be able to hold my own.

Secretary KNOX. You are very modest.

The CHAIRMAN. But this suggestion occurs to me: Nothing can come under section 291 unless it be used for the purpose of inter-course or treaty with foreign nations.

Secretary KNOX. I agree with you.

The CHAIRMAN. And bringing home criminals would not be——

Secretary KNOX (interposing). Why would that not be intercourse?

The CHAIRMAN. Well, it undoubtedly did not mean intercourse through the courts.

Secretary KNOX. Sometimes you get criminals that you are very anxious to get by means not approved by the courts. I am not saying it was done in this case, but it would have been justified in this case to get those rascals. I am willing to go a little further and say that I do not think all of the expenditures under the emergency fund may properly be passed under section 291.

The CHAIRMAN. I was going to speak of that, and Congress had that in view when the original act was passed, because it said that the money should be specifically reported and accounted for if the expenditure may be made public, but I notice that that important provision is never complied with.

Secretary KNOX. Well, I think it has been; and when you see the order I have made you will see that is the nub of that order.

The CHAIRMAN. I hope so.

Secretary KNOX. I think myself, Mr. Chairman, that probably the majority of the expenditures out of the emergency fund ought to be openly and publicly accounted for, and I think it ought to be only in exceptional cases that this authority of Congress should be exercised.

The CHAIRMAN. Have you ever specifically reported any money that you have expended out of that emergency fund?

Secretary KNOX. If I have not it has been because it so happened that the items I have approved to be accounted for under section 291 were such as I thought were proper to be accounted for in that way.

The CHAIRMAN. In the report that the Secretary of the Treasury made you have not reported a single specific item. I agree with you entirely that a large percentage of that money should be specifically accounted for.

Secretary KNOX. I think so.

The CHAIRMAN. That is exactly what I have been contending for.

Secretary KNOX. Well, when you say "specifically accounted for" there should be some qualification of that; I do not see very well how you can always specifically account for all of the money, item by item. All of or the main part of the expenditures under the emergency fund are usually of such a character that it would not be expedient to do it.

Mr. DENT. You stated a little while ago that you thought most of the sums expended under section 291 ought to be publicly accounted for, with certain exceptions. Will you indicate what the exceptions are?

Secretary KNOX. Well, the exceptions are such as the act provides ought not to be specified.

Mr. DENT. Then you would leave it to the discretion of the President?

Secretary KNOX. Yes; it has to be left there.

Mr. DENT. You do not mean by that to change the law?

Secretary KNOX. No. It is this way: Emergencies do arise in our intercourse with foreign nations, sometimes of very delicate and very

serious character, and emergencies have to be met, as their very name implies; when they do arise somebody has to have discretion and power to act at the time. Now, if an emergency requires the expenditure of money somebody has to have the power to expend the money. Congress may not be in session, or a committee of Congress may not be in session, and the President has to incur the responsibility of meeting the emergency according to his best judgment and, of course, Congress has, from the time of the foundation of the Government, provided a fund out of which he could do it. I have stated in the department, and have acted upon that theory in making a new rule in regard to the expenditure of the emergency fund, that the matter should be closely scrutinized and all doubt as to the propriety of covering expenditures under section 291 ought to be resolved in favor of publicity rather than in favor of secrecy.

The CHAIRMAN. Did you say you had a copy of the order which you have promulgated?

Secretary KNOX. I said the other day I would furnish you one, but I do not have it with me to-day, as I have been very much pressed for time. I will send it to you to-morrow or next day with the other information I promised to give you.

The CHAIRMAN. The committee will examine these vouchers, and it may be possible that we will have some questions to ask you after we have made that examination.

Secretary KNOX. The Department of State knows nothing about the details of these expenditures; it did not supervise them in any way or direct them, nor was it authorized or directed by law to do so. All the Department of State did was to take the vouchers from the commissioners representing the States of Vermont and New York, which had charge of the celebration, and to direct the payment to them of the sum of money Congress had appropriated for the expenses of the celebration without any conditions, qualifications, or limitations.

Thereupon the subcommittee adjourned.

The following are copies of the vouchers which show the purposes for which the \$20,000 appropriated "For expenses of the proposed celebration during the first week of July, 1909, to commemorate the three hundredth anniversary of the discovery of Lake Champlain by Samuel de Champlain," approved March 4, 1909, were expended:

No. 8622.

UNITED STATES OF AMERICA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I certify that the documents hereto annexed are true copies from the files of this department.

In testimony whereof I, P. C. Knox, Secretary of State, have hereunto caused the seal of the Department of State to be affixed and my name subscribed by the chief clerk of the said department, at the city of Washington, this 25th day of January, 1912.

[SEAL.]

P. C. KNOX, *Secretary of State.*
By WM. McNEIR, *Chief Clerk.*

WASHINGTON, D. C., *June 9, 1909.*

The SECRETARY OF STATE.

SIR: Having been appointed by the Vermont and New York State Lake Champlain Tercentenary Commission a joint committee to act with the Secretary of State in all matters affecting the transportation and entertainment of the Nation's guests at this celebration, and being duly authorized by said commission to receive the money appropriated by Congress for the expenses of the celebration, we have the honor to request that you will please direct the disbursing clerk of your department to send us his check for ten thousand dollars against the appropriation of twenty thousand dollars for expenses in connection with the transportation and entertainment of the foreign guests.

This amount and such further sums as we may receive will be accounted for immediately after the expenses have been incurred.

We have the honor to be, sir, your obedient servants,

GEORGE H. PROUTY,
W. C. WITHERBEE.

Chk. made payable to W. C. Witherbee, Treas., & sent to Port Henry, N. Y.

(Following endorsements appear on the back: Mr. Morrison. Please comply. W. P. Attended to June 15, 1909. File. M.)

VOUCHER No. 1.

DEPARTMENT OF STATE.

VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL.

[Appropriation for celebration of the discovery of Lake Champlain.]

The United States, to George H. Prouty and W. C. Witherbee, Dr., Port Henry, N. Y.

To amount received from Thomas Morrison, disbursing clerk, Department of State, on account of expenses of transportation, entertainment, etc., of the Nation's guests at the Lake Champlain celebration during the first week of July, 1909..... \$10,000

I certify that the above bill is correct and just, and that payment therefor has not been received.

GEORGE H. PROUTY,
W. C. WITHERBEE,
*Committee to act with the Secretary of State
in all matters pertaining to the celebration.*

\$10,000.

Approved for \$10,000.

HUNTINGTON WILSON,
Acting Secretary of State.

Paid by check No. 136088, dated June 15, 1909, on the Treasurer of the United States at Washington, D. C., in favor of W. C. Witherbee, for \$10,000.

No. 8623.

UNITED STATES OF AMERICA,
DEPARTMENT OF STATE.

To all to whom these presents shall come, greeting:

I certify that the documents hereto annexed are true copies from the files of this department.

In testimony whereof I, P. C. KNOX, Secretary of State, have hereunto caused the seal of the Department of State to be affixed and my name subscribed by the Chief Clerk of the said department, at the city of Washington, this 25th day of January, 1912.

[SEAL.]

P. C. KNOX, *Secretary of State.*
By WM. MCNEIR, *Chief Clerk.*

NEW YORK, LAKE CHAMPLAIN, TERCENTENARY COMMISSION,
OFFICE OF TREASURER,
August 2, 1909.

Mr. THOS. MORRISON,
Disbursing Clerk, Department of State, Washington, D. C.

DEAR SIR: I beg to enclose, as per your request of the 25th ult., vouchers in the amount of \$20,000. I also enclose an order signed by Governor Prouty and myself, requesting that you send \$10,000, still due us, to me. This is in the form of the original request.

You will note that the vouchers that I have sent are all New York State vouchers. This I do at Governor Prouty's request. The adjustment of the accounts between the two commissions will be arranged by us.

Yours, truly,

W. C. WITHERBEE, *Treasurer.*

STATE OF VERMONT, EXECUTIVE DEPARTMENT,
Newport, Vt., July 27, 1909.

The SECRETARY OF STATE.

SIR: Having been appointed by the Vermont and New York State Lake Champlain Tercentenary Commission a joint committee to act with the Secretary of State in all matters affecting the transportation and entertainment of the Nation's guests at this celebration, and being duly authorized by said commission to receive the money appropriated by Congress for the expenses of the celebration, we have the honor to request that you will please direct the disbursing clerk of your department to send us his check for ten thousand dollars against the appropriation of twenty thousand dollars for expenses in connection with the transportation and entertainment of the foreign guests.

This amount will be accounted for as soon as vouchers can be obtained. Make check payable to W. C. Witherbee, treasurer, and send to Port Henry, N. Y.

We have the honor to be, sir, your obedient servants,

GEORGE H. PROUTY.
W. C. WITHERBEE.

VOUCHER No. 151.

State of New York, Lake Champlain Tercentenary Commission. To Genl. N. H. Henry, Adjutant Genl. St. N. Y., Dr.

June 25. Money advanced to 3 members of Gov. Hughes's staff for expenses escorting foreign guests from Washington, D. C.; Bar Harbor, Me.; Montreal, Canada, as per resolution of commission, 6/23/09.....	\$300. 00
Less amount refunded by check No. 617 on Seaboard National Bank, New York, being unexpended balance....	68. 20
	————— \$231. 80
Accounted for as follows:	
Expenses of Commander Robert P. Forshew, 2nd Battalion, Naval Militia, detailed as aide to the French Ambassador, as per statement attached hereto.....	59. 15
Expenses of Major Oliver B. Bridgman, Squadron A, detailed as aide to the British Ambassador, as per statement attached hereto.....	60. 50
Expenses of 1st Lieut. Frederick M. Crossett, Coast Artillery Corps, detailed as escort to Canadian representatives, as per statement attached hereto.....	112. 15
	————— 231. 80

I, the undersigned, auditor, hereby certify that I have examined the above account and approve the same at \$231.80/100.

W. C. WITHERBEE, *Auditor.*

June 25, 1909.

Received payment.

NELSON H. HENRY.

LAKE CHAMPLAIN TERCENTENARY COMMISSION,
TREASURER'S OFFICE, PORT HENRY.

Received from Walter S. Witherbee, treasurer, two hundred thirty-one 80/100 dollars, in full of the annexed account.

NELSON H. HENRY.

PORT HENRY, N. Y., ———, 190—. \$231.80.

HEADQUARTERS SECOND BATTALION, N. M., N. Y.,

Brooklyn, July 14, 1909.

ADJUTANT GENERAL, S. N. Y.,
Albany, N. Y.

SIR: I have the honor to certify to the following expenditures in connection with the Lake Champlain Tercentenary Celebration, on which occasion I had the honor to be detailed as aide to his excellency the French ambassador.

Check sent me was for \$100.00, and I enclose herewith, to your order, my check for \$40.85, being the unexpended balance.

July 2nd.	Telegram to French ambassador.....	\$0.42
	Pullman section to Washington.....	4.00
4th.	Carriage, tolls, and transfer of baggage from Bay Ridge to Cortland St.....	10.25
5th.	Carriage to hotel and transportation of baggage.....	1.90
	Hotel.....	3.00
	Breakfast (Colonel Nelson & self).....	2.90
	Carriage, hotel to French embassy.....	4.60
	Carriage to train and transfer of baggage.....	2.75
6th-8th.	Handling and transferring of baggage.....	18.00
9th.	Transportation to New York.....	7.98
	Pullman.....	1.00
	Transportation of baggage at Lake Champlain and to Bay Ridge....	2.35
		\$59.15

Respectfully,

R. P. FARSHAW, (?)
Commander Second Battalion, N. M., N. Y.

(Indorsed on back:) Rec'd adjutant genl's office, S. N. Y. Jul. 16, 1909.

Major OLIVER B. BRIDGMAN.

JULY 10TH, 1909.

Statement of expenses in connection with the special duties with Un Tercentenary Celebration at Champlain, July 3rd to 9th, inclusive.

June 29th.	Received check from Un Tercentenary commission through the adjutant general, New York.....	\$100.00
July 2nd.	Telephone to adjutant general, Albany, special instructions.	\$1.00
July 3rd.	Taxicab, self and hand baggage from armory, Madison Ave. & 94th St., to Pier No. 20, E. R.....	3.50
	Fare to Portland, Me. (Maine S. S. Co.), as per subvoucher No. 1.....	15.00
	Trunks and extra baggage from Mamaroneck, N. Y., to armory, and from armory to Pier No. 20, E. R.....	3.00
& 4.	Meals on boat.....	4.00
4th.	Self and baggage from S. S. to the Falmouth Hotel, Portland, Me.....	1.00
	Hotel in Portland from 6 p. m. to 1 a. m., July 5th.....	2.00
	Dinner in Portland.....	2.25
5th.	Self and baggage to Maine Central R. R., 1 a. m.....	1.50
	Portland to Bar Harbor, Me., as per subvoucher No. 2.....	7.00
	Self and baggage to hotel and return.....	1.50
	Hotel in Bar Harbor.....	2.00
	Fare from Bar Harbor to Mt. Desert Ferry.....	.60
	Refunded fare paid by the British Ambassador for himself, Mrs. Bryce, and maid from East Harbor, Me., to Mt. Dessert Ferry.....	4.50
	Additional expenses in connection with baggage.....	2.00
	Transportation and transferring the baggage of the ambassador, Mrs. Brice, and maid to the special car.....	2.50
	Telegram to A. G., Albany, announcing departure.....	.40

July 9th. Meals on train from Lake Champlain (Bluff Point) to New York.....	\$3. 25
Handling and transferring of baggage from G. C. Depot to armory; reshipping on July 10th to Mamaroneck, N. Y.; also cab hire included, \$1.50.....	3. 50
	\$60. 50
Check to balance.....	39. 50

CITY AND COUNTY OF NEW YORK, ss:

Oliver B. Bridgman, being duly sworn, deposes and says that the foregoing statement of expenses is true to the best of his knowledge, information, and belief.

OLIVER B. BRIDGMAN.

Sworn to before me this 13th day of July, 1909.
[SEAL.]

Z. ROSENFELD,
Notary Public, 76, N. Y. Co.

THE STATE OF NEW YORK,
OFFICE OF THE ADJUTANT GENERAL,
N. Y., July 14, 1909.

To Lt. Frederick M. Crossett, 30 W. 33 St., N. Y. C., Dr.

[On duty as escort to Canadian representatives to Lake Champlain Tercentenary Celebration July 5-9, 1909.]

July 2. Fare to Grand Central Station, .85; sleeper N. Y. to Lake George, 2..	\$2. 85
5. Seat Ft. Ticonderoga to Montreal, .75.....	. 75
Hotel. 3.75; fare to hotel, .75.....	4. 50
6. Windsor Hotel, carriages & dinner for official party.....	69. 55
6. Cigars for dinner for official party.....	6. 00
6. Flowers for dinner for Mrs. Limieux (Postmaster Gen.'s wife).....	2. 50
8. Telegram.....	. 50
11. Seat Lake George to Albany, .40; dinner, 1.50; stateroom on boat to N. Y., 3.00.....	4. 90
12. Breakfast, 1.10; fare from boat to home station, 1.50.....	2. 60
12. Transfer of baggage July 2-12.....	18. 00
	112. 15

I certify that the above account is correct and just, that the services were rendered and materials furnished as stated, and that they were necessary for the public service.

FREDERICK M. CROSSETT,
1st Lieut. C. A. C. & A. D. C.

DISBURSEMENT RECEIPT.

Received, N. Y., July 14, 1909, from the treasurer of the State of New York, one hundred and twelve 15/100 dollars, in full of the above account.

Signed in triplicate:
\$112.15.

FREDERICK M. CROSSETT.

WASHINGTON, D. C., 7/5, 190—

R. P. Farshaw (?), room, bo., to the Raleigh, Dr.

Room.....	\$3. 00
Café.....	2. 90
Livery.....	4. 60
	10. 50

Paid July 5, 1909.

(Indorsed on back:) Rec'd Adjutant Genl's Office, S. N. Y. July 16, 1909.

SUBVOUCHER No. 2.

PORTLAND, ME., July 4/09.

Received from Major O. B. Bridgman fare to Bar Harbor (5.00) and sleeper (2.00).
Total, \$7.00.

T. E. BURLANT (?).

(Indorsed on back:) Rec'd Adjutant Genl's Office, S. N. Y. Jul. 14, 1909.

E. L. WESTON, Mgr.

183 ST. CATHERINE STREET WEST,
Montreal July 6, 1909.

Maj. F. M. Crosset, Windsor Hotel. To S. S. Bain, nurseryman, seedsman, and florist,
nursery at Verdun, Dr.

2 bunches lily of valley..... \$2. 50

Received payment.

S. S. BAIN.

Per E. F.

Flowers for wife of postmaster general of Canada for the official dinner.—F. M. C.

MONTREAL, July 6, 1909.

Maj. Crosset to Windsor Hotel, Dr.

[W. S. Weldon, manager. Checks to be made payable to the Windsor Hotel Co.]

Restaurant (as per charges attached)..... \$44. 50
July 6, by cash..... 25. 00

19. 50

(Stamped:) Windsor Hotel. Paid July 10, 1909. J. M. H. Montreal.

Dinner for official party July 6.

Cocktails..... \$0. 90

Dents & Geld..... 12. 00

Haute Sauterne..... { 4. 00

3. 00

Dinners..... { 12. 00

12. 00

6 café..... . 60

44. 50

MONTREAL, July 6, 1909.

Maj. Crosset to Windsor Hotel, Dr.

[W. S. Weldon, manager. Checks to be made payable to the Windsor Hotel Co.]

Room, 1 day..... \$3. 00

Restaurant..... 3. 80

Cab hire (for official party, station to hotel and return)..... 17. 50

Telephone to Ottawa (Consul General Foster)..... . 75

25. 05

(Stamped:) Windsor Hotel. Paid July 6, 1909. J. M. H. Montreal.

Pencil memorandum attached to vouchers: Referred to third division to be
returned to A. G. after receipt of accounting Commander Forshew and Maj. Crossett.

Passenger's check No. 189; New York to Lake George; lower berth No. 12, car
No. 11, July 3, 1909, \$2.

Passenger's check 1117; Lake George to Albany; seat No. 17, car 1, line 1212, July
11, 1909.

The Pullman Co.; passenger's check; car "Annabel," line 1210, from St. Tigel to
Montreal; No. 8660; seat No. 2, \$0.75.

HEADQUARTERS SQUADRON A, CAVALRY,
NATIONAL GUARD, NEW YORK,
New York, July 3, 1909.

Received from Maj. Oliver B. Bridgman, \$15, as follows:

\$6 fare, New York to Portland, Me.....	\$6. 00
\$9 for state room No. 44.....	9. 00
Total.....	15. 00

MAINE S. S. Co.
R. I. BUSH, Jr.,
Assistant Treasurer.

(Subvoucher No. 1.)

(Indorsed on back:) Headquarters Squadron A, Cavalry, N. G. N. Y. New York City, 190—. Oliver B. Bridgman, major. Received adjutant general's office, S. N. Y., July 14, 1909.

State of New York—Lake Champlain Tercentenary Commission. To Frank K. Ryan, Dr.

July 3, 1909, to services as office assistant, for 3½ days, at \$2 per day \$7. 00
(Pasted to voucher:) I hereby certify that the persons named in the foregoing pay roll, or estimate, are employed solely in the proper duties of the positions and employments indicated, and that persons described therein as "laborers" are employed at ordinary unskilled labor only, and that each person employed under Rule VIII, subdivision 9, is actually engaged in private business, and that the services rendered by him are expert services of an occasional and exceptional character.

W. C. WITHERBEE,
Treasurer N. Y. L. C. Tercent. Com.

I, the undersigned auditor, hereby certify that I have examined the above account and approve the same at \$7.
July 2, 1909.

W. C. WITHERBEE,
Auditor.

Received payment.

FRANK K. RYAN.

Received from Walter S. Witherbee, treasurer, \$7, in full of the annexed account.
Port Henry, N. Y., ———, 190—.

FRANK K. RYAN.

STATE OF NEW YORK, *Clinton County:*

Frank Tierney, being duly sworn, says that the Lake Champlain Tercentenary Commission is justly indebted to him in the sum of \$7, for the items shown in the annexed or within statement; that the items charged are for services as general office assistant for 3½ days at \$2 per day, and such services have been rendered, and that the duty or business, the distances traveled, the places of starting and destination, and all the dates and items as mentioned and charged therein are correct, and no part thereof has been paid.

FRANK K. RYAN.

Sworn to before me this 1st day of July, 1909.

D. J. CLEARY,
Notary Public.

(Voucher No. 168. F. K. Ryan. Original.)

State of New York—Lake Champlain Tercentenary Commission, to L. O. Armstrong, Dr.

July 7, 1909, for second payment due on contract July 7, 1909.....	\$2, 750
Less amount advanced.....	1, 250
	<hr/>
	1, 500

I, the undersigned auditor, hereby certify that I have examined the above account and approve the same at \$1,500.

July 9, 1909, received payment.

L. O. ARMSTRONG.
W. C. WITHERBEE, *Auditor.*

Received from Walter S. Witherbee, treasurer, \$1,500, in full of the annexed account. Port Henry, N. Y., July 9, 1909.

L. O. ARMSTRONG.

STATE OF NEW YORK, *Clinton County:*

L. O. Armstrong, being duly sworn, says that the Lake Champlain Tercentenary Commission is justly indebted to him in the sum of \$1,500 for the items shown in the annexed to within statement; that the items charged are for balance second payment on contract due July 7, 1909, and such services have been rendered and that the duty or business, the distances traveled, the places of starting and destination, and all the dates and items as mentioned and charged therein are correct and no part thereof has been paid.

L. O. ARMSTRONG.

Sworn to before me this 7th day of July, 1909.

JOHN H. BOOTH, *Notary Public.*

(Voucher No. 188. L. O. Armstrong. Original.)

State of New York—Lake Champlain Tercentenary Commission. To L. O. Armstrong, Dr.

July 7, 1909, for balance due on account Indian pageants..... \$2,750

I, the undersigned auditor, hereby certify that I have examined the above account and prove the same at \$2,750.

July 9, 1909, received payment,

L. O. ARMSTRONG.
W. C. WITHERBEE, *Auditor.*

Received from Walter S. Witherbee, treasurer, \$2,750, in full of the annexed account. Port Henry, N. Y., July 9, 1909.

L. O. ARMSTRONG.

STATE OF NEW YORK, *Clinton County:*

L. O. Armstrong, being duly sworn, says that the Lake Champlain Tercentenary Commission is justly indebted to him in the sum of \$2,750 for the item shown in the annexed or within statement; that the items charged are for balance due on contract for Indian pageants and such services have been rendered; and that the duty or business, the distances traveled, the places of starting and destination, and all the dates and items as mentioned and charged therein are correct, and part thereof has been paid.

L. O. ARMSTRONG.

Sworn to before me this 10th day of July, 1909.

[SEAL.]

J. H. McDONOUGH, *Notary Public.*

(Voucher No. 194. L. O. Armstrong. Original.)

JULY 13, 1909.

L. C. Tercentenary Commission to Hotel Champlain (Robert Murray, manager, Clinton County, N. Y.), Dr.

360 guests averaging \$14.888 each.....	\$5,359.98
Banquet.....	3,748.00
Ladies' banquet.....	243.50
Livery.....	75.00
Telegrams.....	18.00
	9,444.48
Express and freight.....	24.00
	9,468.48

Received payment.

HOTEL CHAMPLAIN,
By F. W. ADAMS, *Cashier.*

Approved by H. W. Knapp, John B. Riley, and J. H. Booth.

State of New York—Lake Champlain Tercentenary Commission, to Hotel Champlain, Dr.

July 13, 1909, to 360 guests, averaging \$14.888 each.....	\$5,359.98
To banquet.....	3,748.00
To ladies' banquet.....	243.50
To livery.....	75.00
To telegrams.....	18.00
	<hr/>
	9,444.48
Express and freight.....	24.00
	<hr/>
	9,468.48

I, the undersigned auditor, hereby certify that I have examined the above account and approve the same at \$9,468.48.

July 13, 1909.

W. C. WITHERBEE, *Auditor.*

Received payment.

HOTEL CHAMPLAIN,
By F. W. ADAMS, *Cashier.*

Received from Walter C. Witherbee, treasurer, \$9,468.48, in full of the annexed account.

Port Henry, N. Y., ———, 190—.

HOTEL CHAMPLAIN,
By F. W. ADAMS, *Cashier.*

STATE OF NEW YORK, *Clinton County, ss:*

F. W. Adams, cashier of Hotel Champlain, being duly sworn says that the Lake Champlain Tercentenary Commission is justly indebted to Hotel Champlain in the sum of \$9,468.48 for the items shown in the annexed or within statement; that the items charged are for entertainment of guests and such services have been rendered and that the duty or business, the distances traveled, the places of starting and destination, and all the dates and items as mentioned and charged therein are correct, and no part thereof has been paid.

F. W. ADAMS.

Sworn to me this 14th day of July, 1909.

S. A. SPELLMAN,
Notary Public, Clinton County.

(Voucher No. 216. Hotel Champlain. Original.)

State of New York—Lake Champlain Tercentenary Commission. To L. O. Armstrong, Dr.

July 15, 1909, for expenses Sheriff Langelier during celebration..... \$50

I, the undersigned auditor, hereby certify that I have examined the above account and approve the same at \$50.

July 15, 1909.

W. C. WITHERBEE, *Auditor.*

Received from Walter C. Witherbee, treasurer, \$50, in full of the annexed account. Port Henry, N. Y., July 19, 1909.

L. O. ARMSTRONG.

STATE OF NEW YORK, *Essex County, ss:*

L. O. Armstrong, being duly sworn, says that the Lake Champlain Tercentenary Commission is justly indebted to him in the sum of \$50 for the items shown in the annexed or within statement; that the items charged are for expenses of Sheriff Langelier during celebration, and such (money) have been (paid), and that the duty or business, the distances traveled, the places of starting and destination, and all the dates and items as mentioned and charged therein are correct, and no part thereof has been paid.

L. O. ARMSTRONG.

Sworn to before me this 21st day of July, 1909.

W. B. WILLARD,
Notary Public.

(Voucher No. 243. L. O. Armstrong. Original.)

State of New York—Lake Champlain Tercentenary Commission to the Delaware & Hudson Co., Dr.

July	6 and 9. For services rendered July 5 to 11; special train Albany to Bluff Point and return, 330 miles, at \$2.....	\$660.00	
	9. Pullman cars, Bluff Point to Albany (4).....	107.10	
	9. 5 fares Bluff Point to Albany (for members of legislature who missed train).....	24.75	
	1 fare Bluff Point to Troy (for members of legislature who missed train).....	4.74	
	9. 18 fares Fort Ti. to Albany (members who left special train and returned via Lake George).....	55.80	
	6. Cigars, mineral water, and service on special train.....	49.53	
	7. Special train Bluff Point to barracks and return.....	50.00	
	6. Special train Albany to Bluff Point (presidential train), 165 miles, at \$2.....	330.00	
	French ambassador and staff and party from Washington, D. C. (car "Plymouth Rock" and special Pullman):		
	Washington to Jersey City.....	\$226.00	
	Special train Jersey City to Albany.....	286.00	
	Burlington to Washington.....	265.25	
	Special service Troy to Albany.....	25.00	
	Moving car Bluff Point to Burlington.....	18.24	
	Pullman charges—		
	"Plymouth Rock"—		
	Rental.....	175.00	
	Commissary.....	54.58	
	Dining car—		
	Rental.....	67.50	
	Commissary.....	66.08	
	Sleeping car, Washington to Plattsburg.....	108.00	
		<hr/>	1,291.65
	British ambassador and staff in car "Independence":		
	Mount Desert Ferry to Albany.....	228.50	
	Burlington to Mount Desert.....	208.00	
	D. H. movement Bluff Point to Burlington.....	18.24	
	Icing, etc. (Central Vermont).....	5.43	
	Pullman charges—		
	Rental.....	\$225.00	
	Commissary.....	213.35	
		<hr/>	438.35
			898.52
	Pullman parlor car, Port Henry to Bluff Point.....		9.00
	Transportation for Senator Root:		
	Excursion ticket Washington to Plattsburg and return.....	24.60	
	Pullman charges—		
	Washington to New York.....	\$1.25	
	New York to Plattsburg.....	7.00	
	Plattsburg to New York.....	7.00	
		<hr/>	15.25
			39.85
	Transportation for Gov. Hughes:		
	3 fares Saranac Lake to Bluff Point.....	\$6.30	
	Pullman.....	3.15	
	2 fares Bluff Point to Saranac Lake.....	4.20	
	Pullman.....	2.70	
		<hr/>	16.35
	Canadian party:		
	Ottawa to Bluff Point and return—		
	Railroad fares.....	110.60	
	Pullman.....	24.00	
		<hr/>	134.60
	Quebec to Montreal and return—		
	Railroad fares.....	117.90	
	Pullman.....	40.50	
		<hr/>	158.40

July 6 Canadian party—Continued.

Bluff Point to Montreal—			
Railroad fares.....		\$9.64	
Pullman.....		1.80	
		<hr/>	\$11.44
Montreal to Ottawa, railroad fares.....			15.00
Burlington to Quebec, railroad fares.....			20.85
Assistant Secretary of State Phillips, Burlington to Pittsfield:			
Railroad fare.....		5.39	
Pullman to Troy.....		.80	
		<hr/>	6.19
Tenth Regiment band, Bluff Point to Burdicks, 23, at \$1.06.....			24.38
Fifth Royal Canadian Highlanders:			
Montreal to Plattsburg and return, 467, at \$0.95.....			443.65
5 horses, Montreal to Plattsburg and return.....			25.00
Pullman, Montreal to Plattsburg and return.....			27.00
Single tickets for Ad. C's, as per list.....			99.92
Commander R. P. Forshen, New York to Washington, D. C.....			5.65
Maj. O. B. Bridgeman, Bluff Point to New York:			
Railroad.....		7.89	
Pullman.....		1.60	
		<hr/>	9.49
Maj. F. M. Crosset:			
New York to Montreal.....		10.30	
Bluff Point to New York, \$8.90, and Pullman to Fort Ticonderoga, \$0.40.....		9.30	
		<hr/>	19.60
Gen. N. H. Henry, Bluff Point to Albany:			
Railroad fare.....		4.95	
Pullman.....		.90	
		<hr/>	5.85
Maj. G. C. Treadwell, Bluff Point to Saranac and Albany, 2 at \$7.30; Bluff Point to Saranac, Pullmans, 2 at \$0.45.....			15.50
Maj. Wolfe:			
Bluff Point to Adson Junction.....		1.89	
Pullman.....		.90	
		<hr/>	2.79
Lieut. Hobesbury:			
Bluff Point to New York.....		8.05	
Pullman.....		.90	
		<hr/>	8.95
Gen. D. R. Noble, Middlebury to Bar Harbor.....			11.85
Col. C. E. Nelson, Derby Line to Washington.....			14.18
Col. W. M. Hatch, Boston to White River Junction.....			3.17
Col. W. D. Nutting, Brandon to Albany.....			2.89
		<hr/>	4,503.72

State of New York—Lake Champlain Tercentenary Commission. To the Champlain Transportation Company, Dr.

1909.

July 5th. For services rendered commission and guests by steamer <i>Ticonderoga</i> at Fort Frederick, as per agreement.....	\$200.00
6th. For services rendered commission and guests by steamer <i>Ticonderoga</i> at Fort Ticonderoga, as per agreement.....	200.00
6th. For luncheon furnished legislative party and guests, guarantee of 300 people, at 50 cents each.....	150.00
7th. For services rendered commission and guests by steamer <i>Ticonderoga</i> at Plattsburgh, N. Y., as per agreement.....	200.00
8th. For services rendered commission and guests by steamer <i>Ticonderoga</i> at Burlington, Vt., as per agreement.....	200.00
9th. For services rendered commission and guests by steamer <i>Ticonderoga</i> at Isle LaMotte, Vt., as per agreement.....	200.00
For use of staterooms on steamer <i>Ticonderoga</i> , as follows:	
No. 9, two nights and two days, at \$2.00 per day.....	4.00
No. 8, two nights and two days, at \$2.00 per day.....	4.00

1909.

July 9th. No. 6, one day.....	\$2.00
For four dinners furnished Commissioner Bailey, at 75 cents each..	3.00
For six breakfasts and suppers furnished Commissioner Bailey, at 50 cents each.....	3.00
	<hr/>
	1,166.00
Less amount of subscription towards construction of temporary dock at Old Fort Ticonderoga as per agreement with C. S. Sims, vice president.....	250.00
	<hr/>
Total.....	916.00
	200.00
	<hr/>
	716.00

State of New York, Lake Champlain Tercentenary Commission, to The Delaware and Hudson Company, Dr.

To amount due for service by the Delaware & Hudson Co., Pullman Com- pany, and other lines, as per attached bill.....	\$4,503.72
Services of steamer <i>Ticonderoga</i> , as per attached bill.....	916.00
	<hr/>
Total.....	5,419.72
July 5. Less str. <i>Ticonderoga</i> , July 5.....	200.00
	<hr/>
	5,219.72

(The Delaware & Hudson Co., entered July 28, 1909. ———, Comptroller.)

I, the undersigned auditor, hereby certify that I have examined the above account and approve the same at \$5,219.72.

July 27, 1909.

W. C. WITHERBEE, *Auditor.*
J. B. BROWNELL, *Auditor Revenue.*

Received payment.

THE DELAWARE & HUDSON Co.,
By A. A. HEARD, *Gen'l Pass'r Agt.*

The DELAWARE & HUDSON Co.,
By C. A. WALKER, *Treasurer.*

LAKE CHAMPLAIN TERCENTENARY COMMISSION,
TREASURER'S OFFICE, PORT HENRY.

Received from Walter S. Witherbee, treasurer, fifty-two hundred & nineteen & 72/100 dollars, in full of the annexed account.
Port Henry, N. Y., ———, 190—.

THE DELAWARE & HUDSON Co.,
By A. A. HEARD, *Gen'l Pass. Agt.*

\$5,219.72.

The DELAWARE & HUDSON Co.,
By C. A. WALKER, *Treasurer.*

STATE OF NEW YORK, *Albany County, ss:*

A. A. Heard, being duly sworn, says that the Lake Champlain Tercentenary Commission is justly indebted to the Delaware and Hudson Company in the sum of \$5,219.72 for the items shown in the annexed or within statement; that the items charged are for transportation of legislative party and guests of commission and foreign military, including railroad, Pullman, and steamship charges, net, and such services have been rendered, and that the duty or business, the distances traveled, the places of starting and destination, and all the dates and items as mentioned and charged therein are correct, and no part thereof has been paid.

THE DELAWARE & HUDSON Co.,
By A. A. HEARD, *Gen'l Pass'r Agent.*

Sworn to before me this 27th day of July, 1909.

W. F. RATHBONE,
Notary Public, Albany Co., N. Y.

(Voucher No. 278, D. & H. Co. Original.)

State of New York—Lake Champlain Tercentenary Commission. To J. B. Humphrey Dr.

1909.

July 14. To use of automobiles before & during tercentenary celebration for State New York & Vermont..... \$773.00

I, the undersigned auditor, hereby certify that I have examined the above account and approve the same at \$773.00.

W. C. WITHERBEE, Auditor.

July 30, 1909.

Received payment.

J. B. HUMPHREY.

LAKE CHAMPLAIN TERCENTENARY COMMISSION,
TREASURER'S OFFICE, PORT HENRY.

Received from Walter S. Witherbee, treasurer, seven hundred & seventy-three dollars, in full of the annexed account.

Port Henry, N. Y., July 29, 1909.

J. B. HUMPHREY.

\$773.00.

STATE OF NEW YORK, Clinton County, ss:

J. B. Humphrey, being duly sworn, says that the Lake Champlain Tercentenary Commission is justly indebted to J. B. Humphrey in the sum of \$773.00 for items shown in the annexed or within statement; that the items charged are for automobiles used before and during celebration, and such services have been rendered, and that the duty or business, the distances traveled, the places of starting and destination, and all the dates and items as mentioned and charged therein are correct, and no part thereof has been paid.

J. B. HUMPHREY.

Sworn to before me this 29 day of July, 1909.

[SEAL.]

W. U. TAYLOR,
Notary Public.

(Voucher No. 292. J. B. Humphrey. Original.)

Secretary of State United States, to New York & Vermont Lake Champlain Tercentenary Commission.

To Voucher No. 151.....	\$231.80	
168.....	7.00	
188.....	1,500.00	
194.....	2,750.00	
216.....	9,468.48	
243.....	50.00	
278.....	5,219.72	
292.....	773.00	
		\$20,000.00

CREDIT.

By cash received June 17, 1909..... 10,000.00

Amount due..... 10,000.00

PORT HENRY, N. Y., August 2, 1909.

VOUCHER No. 2.

DEPARTMENT OF STATE.

VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL.

[Appropriation for celebration of the discovery of Lake Champlain.]

The United States to George H. Prouty and W. C. Witherbee, Port Henry, N. Y., Dr.

To expenses incurred in connection with the celebration of the discovery of
 Lake Champlain, as per account and vouchers annexed..... \$20,000

I certify that the above bill is correct and just, and that payment therefor has not
 been received.

W. C. WITHERBEE, *Treas. L. C. Ter-Cent. Comm.*,
 GEORGE H. PROUTY, *Chairman Ter-Cent. Comm.*,
Committee to act with Secretary of State in all matters pertaining to celebration.

\$20,000.

I certify that the foregoing account is correct; that the prices charged are just and
 reasonable, and in accordance with the agreement.

W. C. WITHERBEE, *Treas. L. C. Ter-Cent. Comm.*
 GEORGE H. PROUTY, *Chairman Ter-Cent. Comm.*

I certify that the above articles have been received by me in good condition, or the
 service performed as stated; and that they were necessary for the public service.

GEORGE H. PROUTY, *Chairman Ter-Cent. Comm.*
 W. C. WITHERBEE, *Treas. L. C. Ter-Cent. Comm.*

Account submitted for \$20,000.

Differences as follows: By amount advanced June 17, 1909, \$10,000.

Approved for \$10,000.

HUNTINGTON WILSON,
Acting Secretary of State.

Paid by check No. 136564, dated Aug. 24, 1909, on the Treasurer of the United
 States at Washington, D. C., in favor of W. C. Witherbee, for \$10,000.



No. 16

HEARINGS

BEFORE

THE COMMITTEE ON EXPENDITURES IN THE
STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

FEBRUARY 19, 1912

WASHINGTON
GOVERNMENT PRINTING OFFICE

1912

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building. Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, Missouri, *Chairman*.

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk*.

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman*.

S. H. DENT, JR.

CHARLES R. DAVIS.

II

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE STATE DEPARTMENT,
HOUSE OF REPRESENTATIVES
Monday, February 19, 1912.

The subcommittee met at 2.30 o'clock p. m., Hon. Courtney W. Hamlin (chairman) presiding.

ADDITIONAL TESTIMONY OF MR. JOHN B. KINNEAR.

The CHAIRMAN. Mr. Kinneare, you were employed by this committee to make an accounting between the United States Government and the International Banking Corporation on money collected from the Chinese Government by that banking corporation as the fiscal agents of the United States Government under the provisions of the protocol of September 7, 1901, being the amount of indemnity agreed upon between this Government and the Chinese Government growing out of the Boxer war. Have you made that accounting.

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. What was the date of the settlement you made?

Mr. KINNEAR. I finished it on December 30, 1911.

The CHAIRMAN. Have you heretofore held any position with the United States Government?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. Please state what that position was.

Mr. KINNEAR. I was a clerk in the office of the Auditor for the State and Other Departments.

The CHAIRMAN. In the Treasury Department?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. For how long?

Mr. KINNEAR. Well, I was in that office about 10 or 12 years; I went there from the comptroller's office upon the reorganization of the Treasury Department.

The CHAIRMAN. How long were you employed in the Treasury Department altogether?

Mr. KINNEAR. Nineteen years.

The CHAIRMAN. It appears that the first payment under the protocol was made to the United States Government by the Chinese Government through the International Banking Corporation about July 2, 1901; I will ask whether you had anything to do with the checking up of that first payment?

Mr. KINNEAR. I revised the settlement.

The CHAIRMAN. In what capacity were you serving then?

Mr. KINNEAR. As a revising clerk.

The CHAIRMAN. I mean in what department.

Mr. KINNEAR. I was a clerk in the Treasury Department.

The CHAIRMAN. In what particular bureau of the department?

Mr. KINNEAR. In the division for the settlement of diplomatic and consular accounts in the office of the Auditor for the State and other Departments.

The CHAIRMAN. In making that revision did you become familiar with the protocol signed between this and other Governments and the Chinese Government of date September 7, 1901?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. Under the protocol how was China to pay the amount of indemnity agreed upon to be paid to the United States—in what kind of money?

Mr. KINNEAR. In Haikwan taels—silver.

The CHAIRMAN. Do you know in what kind of Chinese taels this money was actually paid?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. Please tell the committee.

Mr. KINNEAR. Shanghai taels.

The CHAIRMAN. In making a report of these payments did the International Banking Corporation report the number of taels they received from the Chinese Government each time?

Mr. KINNEAR. Yes, sir. Let me make a little explanation there; they did until along toward the last, and they reported then that they collected the money in United States gold.

The CHAIRMAN. Do you know about the date they changed?

Mr. KINNEAR. The last report they made showing the payment in Shanghai taels was December 31, 1905.

The CHAIRMAN. Do you know whether at that time they ceased to be the fiscal agent of the United States Government in the collection of this money?

Mr. KINNEAR. They did not cease at that time.

The CHAIRMAN. Do you know when they did cease to be our fiscal agents?

Mr. KINNEAR. December 31, 1906.

The CHAIRMAN. Well, then, in the interval between December 31, 1905, and December 31, 1906, how did they report these payments?

Mr. KINNEAR. As collected in United States gold.

The CHAIRMAN. In revising the payment made July 2, 1902, did you have occasion to become familiar with the agreement between the International Banking Corporation and the United States Government?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. In brief, what was that agreement?

Mr. KINNEAR. That agreement was that they were to collect the indemnity belonging to the United States and deposit the money in the Treasury of the United States without cost to this Government other than one-half of 1 per cent commission, which they were to be allowed.

The CHAIRMAN. Then they were to collect this money from China, as I understand it, in Chinese taels, which means a silver payment, and deposit the value of those taels in gold in the United States Treasury or Subtreasury without cost to the United States Government, so far as exchange or other things are concerned?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. And for which they were to receive a commission of one-half of 1 per cent?

Mr. KINNEAR. That is right.

The CHAIRMAN. In making the accounting which you have made for the committee between the International Banking Corporation and the United States Government what basis did you take as to the value of a Shanghai tael, the money which you say China paid to the banking corporation on this indemnity?

Mr. KINNEAR. I took the basis reported by the Director of the Mint, giving the valuation of a Shanghai tael at the various dates when the money was paid by China to the International Banking Corporation.

The CHAIRMAN. What authority did you have for taking the London report of the value of a Shanghai tael on the dates that these payments were made?

Mr. KINNEAR. The authority as contained in the communication from the Director of the Mint.

The CHAIRMAN (handing paper to witness). Is that the communication to which you refer?

Mr. KINNEAR. It is.

The communication follows:

TREASURY DEPARTMENT,
OFFICE OF DIRECTOR OF THE MINT,
Washington, November 27, 1911.

The SECRETARY OF THE TREASURY.

SIR: At the request of the chief clerk of the department I have the honor to inclose herewith for the information of Hon. C. W. Hamlin, chairman of the Committee on Expenses in the State Department, a certified copy of letter addressed to the Secretary of the Treasury, under date of May 27, 1903, relative to the value of the Chinese tael in connection with the Chinese indemnity.

In response to his further request for the London value of the Shanghai tael on specified dates the information is given below, the same being the value of bar silver at the average of the high and low quotations on the London market on the days named:

Jan. 1, 1903.....	\$0. 52962
July 1, 1903.....	. 57679
Jan. 1, 1904.....	. 61429
July 2, 1904.....	. 63297
Dec. 31, 1904.....	. 67454
June 30, 1905.....	. 63708

Respectfully,

GEO. E. ROBERTS,
Director of the Mint.

The CHAIRMAN. What evidence was placed before you as to the different payments made by the Chinese Government to the International Banking Corporation at different times and reported by them to the United States Government?

Mr. KINNEAR. I had their reports, which were submitted to me by this committee and which had been obtained from the Treasury Department.

The CHAIRMAN. What kind of reports are they?

Mr. KINNEAR. They are semiannual reports.

The CHAIRMAN. They are the photographic copies of the reports of the International Banking Corporation to the Secretary of the Treasury of the United States?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. You were employed by this committee to make this accounting, and these papers were placed in your hands for that purpose?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. And you have made that accounting?

Mr. KINNEAR. I have.

The CHAIRMAN. Will you now proceed to explain the accounting you have made between the International Banking Corporation and this Government?

Mr. KINNEAR. Well, I began by going to the Treasury Department and getting the last balance that was certified by the Comptroller of the Treasury, which was the first and only settlement made by the banking corporation with the Treasury Department, and that settlement showed a balance of \$5,627.45 due to this Government on July 1, 1902, from the International Banking Corporation.

The CHAIRMAN. What do you mean by the International Banking Corporation owing a balance of \$5,627.45 to this Government on that settlement?

Mr. KINNEAR. I mean that when the settlement was made, up to and including June 30, 1902, being the first deposit the International Banking Corporation made on account of this indemnity or Boxer war fund, that the comptroller found and certified a balance due from the International Banking Corporation to the United States Government on account of this collection, of \$5,627.45.

Mr. DAVIS. Over and above the commission?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. In other words, you mean the Comptroller of the Treasury found that the International Banking Corporation had collected \$5,627.45 more money from China on that payment than they accounted for to the United States Government?

Mr. KINNEAR. That is exactly right. I took that as my starting point and I then took the accounts seriatim, the first one being from July 1, 1902, to December 31, 1902, reported January 1, 1903; I found the International Banking Corporation had actually collected during this period \$12,799.77 more money than they accounted for to the United States Government.

The CHAIRMAN. Exclusive of their commission?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. What was the next settlement?

Mr. KINNEAR. The next settlement was from January 1, 1903, to June 30, 1903, reported July 1, 1903, six months.

The CHAIRMAN. What did you find there?

Mr. KINNEAR. I found they collected \$30,663.72 more money than they accounted for. An explanation there, however, is necessary; these balances include the amount of interest that is charged to this company for their shortage during that period.

Mr. DAVIS. That is, to this last balance which you have just spoken about is added to the prior deficit?

Mr. KINNEAR. No, sir; each one is by itself.

Mr. DAVIS. Does the balance you are speaking about include the prior balances?

Mr. KINNEAR. No, sir.

Mr. DAVIS. Each balance stands alone?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. So in order to ascertain the indebtedness, if you may call it that, of this banking company to the United States you will have to add these balances together?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. You just stated a balance of \$30,663.72. Does that include any interest charged to the banking corporation on money that they should have paid to the Government on prior payments but which they failed to pay?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. At what rate?

Mr. KINNEAR. At 2 per cent.

The CHAIRMAN. On what authority did you charge 2 per cent interest on money which they had failed to turn over?

Mr. KINNEAR. Under the terms of their agreement, under their bond.

The CHAIRMAN. With this Government?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN (handing paper to witness). I will ask you to state what that paper is?

Mr. KINNEAR. This is a copy of the bond of the International Banking Corporation to the United States.

The CHAIRMAN. As fiscal agent of the Government in the collection of this Chinese indemnity fund?

Mr. KINNEAR. Yes, sir.

Said bond is as follows:

[Treasury Department, Office of the Secretary, Division of Appointments. Form 280.]

BOND—MISCELLANEOUS.

The following rules must be observed in the execution of this bond:

1. A corporate surety company, duly qualified under the act of Congress of August 13, 1894, is preferred as surety, and may be accepted in amounts not exceeding one-tenth of its capital and surplus on any one bond, as provided by department order of June 2, 1908.

2. The full name and residence of principal and surety must be clearly written in the body of the bond.

3. The bond must bear date as of the day upon which it was actually executed.

4. The bond must be signed by the principal and surety, and the signature of each party must be made in the presence of two persons, who must sign their names as witnesses.

5. A seal of wax or wafer must be attached to the signature of the principal and of each individual surety. A corporate surety must affix its corporate seal.

6. Evidence of the qualification of a surety company under department regulations, and of the authority of its officers or agents executing the bond on its behalf, must be filed in the department, but must not be attached to the bond.

7. All erasures or interlineations must be noted above the signatures of the witnesses as having been made before execution of the bond.

RULES APPLICABLE ONLY TO INDIVIDUAL SURETIES.

8. There must not be less than two individual sureties.

9. The sureties must justify in unincumbered real estate at its fair market value in amounts the aggregate of which will be equal to at least twice the penalty of the bond, above all his debts and liabilities and such exemptions as may be allowed by law.

10. Each surety must make and sign an affidavit of the amount he is worth over and The property covered must be fully described so as to be easy of identification. Each surety must also state in his affidavit whether or not he is liable as surety on any other bonds, and if so, in what amounts.

11. That affidavits of the sureties must be taken and subscribed before an officer authorized to administer oaths generally, who must affix his official seal or furnish evidence of his authority and official character.

12. A judge or clerk of a court of record or a United States attorney must certify, of his personal knowledge, that the sureties are sufficient to pay the full penalty of the bond.

13. A married woman will not be accepted as a surety.

14. No surety can hold office under his principal.

Know all men by these presents:

That we, the International Banking Corporation, of New York, a corporation organized and existing under the laws of the State of Connecticut, as principal, and American Surety Co. of New York and Fidelity & Deposit Co. of Maryland, as sureties, are held and firmly bound unto the United States of America in the full and just sum of \$500,000, lawful money of the United States, for which payment, well and truly to be made, we bind ourselves, jointly and severally, our joint and several heirs, executors, and administrators, successors, and assigns, firmly by these presents.

Sealed with our seals, and dated this 25th day of January, in the year 1902.

The condition of the foregoing obligation is such that whereas the President of the United States has designated the International Banking Corporation, of New York, agent of the United States to receive the indemnity to be paid to the United States by the Chinese Government, as set forth in the final protocol between China and the United States and other powers, signed at Peking on the 7th day of September, 1901, a full copy of which, together with a copy of annex No. 13 thereof, is hereto attached and made a part of this agreement, upon the following terms and conditions, which are hereby accepted and entered into by the International Banking Corporation; that is to say:

That the said International Banking Corporation, of New York, while acting as such agent of the United States, shall receive the amount of interest and amortization (as set forth in detail in annex No. 13 of the final protocol hereinbefore referred to) which shall be paid by the Chinese authorities designated for that purpose (as provided by paragraph (b), Article VI, of the final protocol); that the same shall be converted into New York exchange at the expense of the said International Banking Corporation and promptly paid over to the United States without fraud or delay, at such times and in such manner as the said corporation may be required so to do by the Secretary of the Treasury of the United States, allowing the United States interest at the rate of 2 per cent for such time as any of such moneys may remain in the possession of the said corporation; and that the said International Banking Corporation shall receive for its services a commission of one-half of 1 per cent on all amounts collected.

It is hereby further stipulated and agreed that in the event the conditions might seem to warrant it, the penalty of this bond may be increased from time to time as the Secretary of the Treasury of the United States may deem necessary for the proper protection of the interest of the United States Government.

Now, therefore, if the said International Banking Corporation, of New York, while acting as such agent of the United States, its representative in China acting as delegate on behalf of the United States on the commission of bankers authorized to receive the amount of interest and amortization aforesaid, and all other agents or representatives duly designated to act for or on behalf of the said International Banking Corporation shall safely keep and promptly pay over and correctly account for all sums of money coming into its or their possession, or the possession of any of them, pursuant to this agreement, and shall perform such other duties in connection therewith as the Secretary of the Treasury of the United States may require, then the above obligation to be void and of no effect; otherwise to be and remain in full force and virtue.

INTERNATIONAL BANKING CORPORATION,
By V. P. SNYDER, *Acting President*.

Attest:

H. HARDY, *Secretary*.

AMERICAN SURETY CO. OF NEW YORK.
H. D. LYMAN, *President*.
CORTLAND S. VAN RENSSSELEAR, *Attorney*.

Signed, sealed, and delivered in the presence of—

JOHN I. MCCOOK.
W. L. MOYER.
EUGENE S. DAVIS.
J. C. DRAPER, Jr.

FIDELITY & DEPOSIT CO. OF MARYLAND,
By HENRY B. PLATT, *Vice President*.

Attest:

HUGH M. ALLWOOD, *Attorney in Fact*.

As to Fidelity & Deposit Co. of Maryland—

ERNEST L. HICKS.
CHARLES VAN C. MARSH.

(On back:) Official bond of International Banking Corporation, agent of the United States to receive the indemnity to be paid the United States by the Chinese Government. Dated January 25, 1902. \$500,000. Treasury Department, January 30, 1902.

Respectfully referred, by direction of the Secretary, to the Solicitor of the Treasury for examination as to form and execution. The records of this office show that the persons who executed this bond on behalf of the surety company had authority so to do. Chas. Lyman, Chief Division of Appointments. Acknowledged February 4, 1902. Department of Justice, office of the Solicitor of the Treasury. February 4, 1902. Examined and approved as to form and execution. F. A. Reeve, Assistant Solicitor. Treasury Department, February 4, 1902. Approved. L. M. Shaw, Secretary of the Treasury.

The CHAIRMAN. Then it was on the basis of the provisions of that bond that you charged the banking corporation with 2 per cent interest on the money which you found they had failed to turn over to the Government, but which they had collected from the Chinese Government?

Mr. KINNEAR. It was.

The CHAIRMAN. Now, go on with your next settlement.

Mr. KINNEAR. The next settlement was from July 1, 1903, to December 31, 1903, reported January 1, 1904. In that settlement I found they had collected, including the amount of interest charged to them under the terms of their contract, \$51,672.08 more than they accounted for.

The next one was from January 1, 1904, to June 30, 1904, reported July 2, 1904; in that period I found they collected \$31,692.92, including the amount of interest charged to them under the terms of the bond, more than they had accounted for to the United States Government.

The next one was from July 1, 1904, to December 31, 1904; I found they collected \$2,058.45, including the interest charged under the terms of the contract, more than they accounted for.

The next one was January 1, 1904, to June 30, 1905; I found that they turned into the Government \$2,530.16 more than they collected. I can not explain why, but it is a fact.

The CHAIRMAN. Did you give them credit for that amount?

Mr. KINNEAR. Yes, sir; I did.

The CHAIRMAN. In your account?

Mr. KINNEAR. Yes, sir; I also gave them credit for interest at 2 per cent per annum on the amount they had overpaid up to and including December 31.

Mr. DAVIS. Perhaps that was illegal.

Mr. KINNEAR. I told Mr. Hamlin when I did it that I did not know that we had any authority for doing so, but it looked as though if we charged them with interest on deferred payments that it was no more than just that we should have interest on this overpayment. That was why I did it; I told Mr. Hamlin he could cut it out if he wanted to do so.

The next settlement was from June 30, 1905, to December 31, 1905, and in that settlement there was \$26,890.42, including the interest under the terms of the bond, collected which was not accounted for or turned into this Government.

The next one was from January 1, 1906, to June 30, 1906, half a year, and in that settlement they showed that they collected the money in United States gold and there was nothing due to or from the Government in that case.

Mr. DAVIS. And that is the first instance where a settlement was made upon a gold basis?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. And from that time on were the settlements made in gold?

Mr. KINNEAR. Yes, sir; there was only one more settlement, and that was from June 30, 1906, to December 31, 1906; that was reported by them as having been collected and disbursed by them in United States gold.

The CHAIRMAN. Now, then, Mr. Kinnear, in your accounting what is the total amount that the International Banking Corporation collected from the Chinese Government in Shanghai taels and for which they failed to account to this Government, including the interest, under the terms of the bond?

Mr. KINNEAR. \$159,943.93.

The CHAIRMAN. The statement which the Director of the Mint furnished to you is the London statement put out each day as to the value of silver in the principal silver markets of the world, is it not?

Mr. KINNEAR. That is the way I understand it.

The CHAIRMAN. When do you understand these official quotations as to the price of silver are given out?

Mr. KINNEAR. At 10 a. m., 12 m., and 2 o'clock p. m. each day.

The CHAIRMAN. How do you reach the average value of a Shanghai tael on a given date?

Mr. KINNEAR. I understand the Director of the Mint takes the three daily quotations, adds them together, and divides the result by three.

The CHAIRMAN. And gets the average for the day?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. At each of these settlements that you have investigated were receipts given by any official of the Government to the banking corporation in consequence of the settlement?

Mr. KINNEAR. Yes, sir; there is a statement from the Secretary of the Treasury showing the amount of money they deposited each time [handing paper to Mr. Davis].

Mr. DAVIS. You misunderstand me. Is any receipt given by any official of the Government to the banking corporation showing that they have settled and paid in full up to a certain time?

Mr. KINNEAR. No, sir.

Mr. DAVIS. At each of these semiannual settlements is a receipt, in the form of a statement or otherwise, issued by the Government to the International Banking Corporation for the amount of money received?

Mr. KINNEAR. Yes, sir. Maybe I can make myself clear in this way, Mr. Davis: The International Banking Corporation in Shanghai telegraphs to the International Banking Corporation in New York—which is one and the same thing, one is a branch of the other, you know—that they shall deposit in the United States Subtreasury \$4,000,000, or whatever amount it may be, and they deposit that amount in the Treasury, and the Treasury just simply gives them credit for it.

Mr. DAVIS. And they are informed, I presume, by cablegram or in some other way, that such an amount has been received?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. Now, is there anything which goes to show that there has been a full settlement of that account?

Mr. KINNEAR. I do not think so, because a settlement is not made, and the law provides that all of those things shall come through the accounting officers.

Mr. DAVIS. If a settlement is not made at that time when, if ever, does the report show that a settlement was made?

Mr. KINNEAR. There never has been but one settlement made, and that one was made about 9 or 10 years ago; the others were never settled, but allowed to drift along.

Mr. DAVIS. Then have none of these semiannual receipts been gone over and ascertained to be correct or incorrect by any auditor or officer of the Treasury Department?

Mr. KINNEAR. They had not been at the date that certificate was given.

Mr. DAVIS. What is the date of that certificate?

The CHAIRMAN. November 18, 1911.

Mr. DAVIS. So that the auditing officer of the Treasury Department has never investigated or settled with the banking corporation?

Mr. KINNEAR. Not until then, and he had not then.

Mr. DAVIS. Has it ever been settled?

Mr. KINNEAR. I have been told that a settlement is now being made.

Mr. DAVIS. That they are now making a settlement?

Mr. KINNEAR. I have been told so.

The CHAIRMAN. You say you were 19 years an accounting officer of the Treasury?

Mr. KINNEAR. Yes, sir.

The CHAIRMAN. Do you know when the payment that was made on July 2, 1902, was made final by the Comptroller of the Treasury?

Mr. KINNEAR. When it was settled by the comptroller?

The CHAIRMAN. Yes.

Mr. KINNEAR. I have seen the correspondence, and that correspondence shows that between the first and only settlement ever made by the United States with the International Banking Corporation and November, 1911, no settlement had been made, because it would appear that a rehearing was pending before the comptroller during all of these years.

Mr. DAVIS. Do you know the reason or cause of this delay?

Mr. KINNEAR. I do not.

Mr. DAVIS. Why the Comptroller of the Treasury did not take up this matter and force it to a conclusion?

Mr. KINNEAR. I could not say why it was not done.

The CHAIRMAN. I will ask you if, under the rules of the Treasury Department, when one settlement is not made final, can any subsequent settlement be made until that prior settlement is made final?

Mr. KINNEAR. It can not.

Mr. DENT. You stated that you had been informed that a settlement was now pending. I will ask you to state if you have been informed when that settlement was first begun?

Mr. KINNEAR. It was some time in the last of November or first of December, 1911.

Mr. DENT. How do you know this?

Mr. KINNEAR. At the request of the chairman of your committee the chief clerk of the Treasury gave me authority to go to the auditor's office and examine the settlement that had been made on that July 2, 1902, payment, by the comptroller in order that I might get a starting point to make this statement for you, and I was told then that they were calling for information upon which to base a proper settlement of the subsequent payments.

Mr. DENT. You were told by whom?

Mr. KINNEAR. By Mr. Scott, the chief law clerk.

The CHAIRMAN. I desire to insert in the record a copy of my letter addressed to the Comptroller of the Treasury, dated November 8, 1911, and a copy of the letter sent to me by the Comptroller of the Treasury, dated November 13 and 17, 1911, with inclosures.

Said letters are as follows:

WASHINGTON, D. C., *November 8, 1911.*

DEAR SIR: Referring to the collection by the International Banking Corporation of New York from the Chinese Government of 900,391.64 Shanghai taels, that sum being the first semiannual installment of interest due from the Chinese Government to our Government on July 1, 1902, I beg to say that I am informed that a controversy arose over this settlement with the banking corporation and that a final settlement has not yet been reached on this first payment, notwithstanding it has been pending about eight years. I also understand that China has continued to make payments as per the terms of the protocol dated September 7, 1901, and have, not including this first payment, paid to our Government about \$8,593,578, and upon which no settlements have been made on account of the fact that this first settlement, to which I have referred, has not been completed.

Can you give our committee any idea when this first settlement will be finally concluded?

An early reply will be appreciated.

Very respectfully,

C. W. HAMLIN,

Chairman Committee on Expenditures in the State Department.

HON. ROBERT J. TRACEWELL,
Comptroller of the Treasury.

TREASURY DEPARTMENT.

Washington, November 13, 1911.

HON. C. W. HAMLIN,

Chairman Committee on Expenditures in the State Department.

SIR: I have received your letter of the 8th instant referring to the collection by the International Banking Corporation of New York from the Chinese Government of 900,391.64 Shanghai taels, being the first semiannual installment of interest due from the Chinese Government to our Government on July 1, 1902, and in which you further state that on account of a controversy with the banking corporation a final settlement has not yet been reached on this first payment, and that though China has continued to make payments as per the terms of the protocol dated September 7, 1901, no settlements have been made because this first settlement has not been completed.

In reply I have to inform you that the controversy in regard to this first payment of 900,391.64 Shanghai taels referred to was not a controversy with the Chinese Government, but with the International Banking Corporation, as fully set forth in my decision of December 3, 1904 (11 Comp. Dec., 253).

I said (p. 259):

"It is perfectly evident that the bank (International Banking Corporation) turned over to the United States every penny that China owed the United States on account of the interest due the United States on this indemnity on the 1st day of July, 1902."

The question at issue in said case was the value of the Shanghai tael, and I held, as fully set forth in the decision, that the International Banking Corporation had received from China a sum equivalent to \$5,627.45 in excess of the amount due from China, and had retained the same, and that the said amount when collected from the said bank should be refunded to China.

It will be observed that this difference has nothing whatever to do with the payments which have been received and credited on account of the debt due this Government from the Chinese Government.

Under the provisions of the joint resolution of May 25, 1908 (35 Stat., 577), a settlement was made under the authority of the President, which included all payments, the first one referred to and all later ones to and including January 1, 1909, and determined the balance due, and established the basis of payments thereafter to be made.

The Auditor for the State and Other Departments, per his decision of August 31, 1911, showed the status of the account of the Government of China to and including January 1, 1911, which included all payments to that time following the settlement just referred

to. The said decision of the Auditor was modified per my decision dated September 15, 1911. This shows the balance as of January 1, 1911.

In accordance with the stipulated requirement of semiannual payments of interest and annual payments of the principal with the necessary adjustments of interest resulting from monthly instead of semiannual payments required, it becomes necessary to state the account by calendar years to include all payments made for each calendar year. The next settlement will therefore be properly made when all payments for the calendar year 1911, which includes the payment of January 1, 1912, shall have been made.

The accounts with the Government of China are therefore fully settled to date.

My decision, *supra*, in which it was found that the International Banking Corporation had collected from the Chinese Government a certain sum when reduced to American money in excess of the amount actually due from China, has never been reopened or reversed. It is still binding upon the auditor. A petition was filed by the International Banking Corporation shortly after its rendition to reconsider and reverse said decision. I withheld a formal ruling in said petition for the reason that some adjustment was pending between the Government and the International Banking Corporation of its demands, and a contemplated difference of collecting the indemnity was pending. I am ready at any time, if it becomes necessary, to act on the petition in question; until it is granted my former ruling is in full force and effect.

Respectfully,

R. J. TRACEWELL, *Comptroller*.

TREASURY DEPARTMENT,
Washington, November 17, 1911.

Hon. C. W. HAMLIN,

Chairman Committee on Expenditures in the State Department.

SIR: Inclosed herewith find copy of my letter of this date addressed to the International Banking Corporation, Thomas H. Hubbard, president, which is self-explanatory.

Respectfully,

R. J. TRACEWELL,
Comptroller.

TREASURY DEPARTMENT,
Washington, November 17, 1911.

THOMAS H. HUBBARD,

President International Banking Corporation, New York, N. Y.

SIR: Your application dated April 21, 1905, for a reconsideration of my decision of December 3, 1904 (11 Comp. Dec., 253), in accordance with which you were held indebted to the United States in the sum of \$5,627.45 is hereby denied.

After your accounts with the Government have been finally adjusted by the Auditor for the State and Other Departments, you may bring the entire matter before me in accordance with the provision of law authorizing appeals from the auditor's action within one year from the date of settlement in accordance with section 8 of the act of July 31, 1894 (28 Stat., 207, 208).

It is not to be understood that the fixing of the value of the Shanghai tael in the decision, *supra*, was intended to so fix this value for any other period than the one mentioned in said decision. It will be the duty of the auditor in settling the accounts of the International Banking Corporation to fix the value of said tael in United States money for the different periods involved in said settlements from the evidence before him of such value during the periods in question. If any legislation enacted since the date of such decision or settlement thereunder has placed these matters at rest the auditor will doubtless so find.

Respectfully,

R. J. TRACEWELL,
Comptroller.

Mr. KINNEAR. The quotation as given by the Director of the Mint for January 1, 1903, when the first report was made, fixes the value of a Shanghai tael at \$0.52962, while the banking corporation makes the valuation \$0.5175.

Mr. DAVIS. That latter is the basis—

Mr. KINNEAR (interposing). On which they made their settlement. In other words, on this payment they collected so many taels and gave us credit for \$0.5175 per tael instead of \$0.52962.

Mr. DAVIS. Thus the discrepancy, as you have shown, in these settlements?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. And that discrepancy you now claim is due the Government of the United States from this International Banking Corporation?

Mr. KINNEAR. Yes, sir.

Mr. DAVIS. And not from the Government of China, but from this International Banking Corporation?

Mr. KINNEAR. Yes, sir. I will state that I made no attempt whatever to make an adjustment between the United States and the Government of China.

The CHAIRMAN. There is no contention that China did not pay all that it ought to pay under the terms of the protocol.

Mr. KINNEAR. I never went into that.

The CHAIRMAN. I will ask you, Mr. Kinnear, to insert in your testimony a copy of the account which you have made between the International Banking Corporation and the United States Government.

Said account follows:

WASHINGTON, D. C., December 30, 1911.

COMMITTEE ON EXPENDITURES IN THE STATE DEPARTMENT,
House of Representatives.

GENTLEMEN: In compliance with the provisions of your resolution dated July 13, 1911, and instructions from the chairman of your committee, Hon. C. W. Hamlin, I have the honor to hand you herewith an itemized statement showing the amount of foreign currency collected by the International Banking Corporation from July 1, 1902, to December 31, 1906, on account of the Chinese indemnity or Boxer War fund, the conversion of same into United States currency at the rates fixed by the Director of the Mint, the amount credited to said banking corporation during said period for all moneys deposited into the United States Treasury on account of said indemnity fund, and the balance of \$159,943.93 due from them being the aggregate of their short remittances from time to time, and interest at 2 per cent per annum on said short remittances from the various dates when the money was received, to December 31, 1911.

Very respectfully,

J. B. KINNEAR.

Itemized statement of the International Banking Corporation in account with the United States, showing the amount of money collected by them from the Chinese Government on account of the Boxer War indemnity; the amount deposited in the Treasury of the United States from July 1, 1902, to Dec. 31, 1906, when the said banking corporation ceased to be the agent of the United States for the collection of such money; also the balances due from time to time which have not been deposited, and a statement of differences showing how these balances arose and the net amount due to the United States on Dec. 31, 1911.

Balance per report No. 49605 due to the United States.....	\$5, 627. 45	
Interest July 1, 1902, to Dec. 31, 1911, at 2 per cent.....	1, 069. 21	
		\$6, 696. 66
Jan. 1, 1903:		
897,753.55 taels, at \$0.52962.....	475, 468. 23	
Interest, 475,468.23—2,591.72—2 per cent for January, 1903.....		788. 13
Interest, 476,256.36—2,591.72—2 per cent for Feb. 1 to 2, 1903.....		52. 63
Interest, 476,308.99—425,000—2 per cent for Feb. 3 to 8, 1903.....		17. 10
Interest, 51,308.99—32,903.67—2 per cent for February 9 to 28, 1903.....		22. 48
Interest, 18,395.97, at 2 per cent, Mar. 1 to 11, 1903....		12. 28
Interest, 10,855.74, Jan. 1, 1903, to Dec. 31, 1911, at 2 per cent.....	1, 954. 03	
		478, 314.

July 1, 1903:			
896,187.90 taels, at \$0.57679.....	\$516,912.22		
Interest, 3,418.83 taels, at \$0.56661551 July 1, 1902 (see table marked "16 $\frac{1}{4}$ ").....	1,936.87		
Interest, 3,732.54 taels, at \$0.52962 (see table marked "16 $\frac{1}{4}$ ").....	1,976.82		
Interest due from bank on above (see table marked "16 $\frac{1}{4}$ ").....	38.00		
	18.55		
Interest, \$26,208.31, July 1, 1903, to Dec. 31, 1911, at 2 per cent.....	4,455.41		
			<u>\$525,337.87</u>
Jan. 1, 1904:			
889,587.45 taels, at \$0.61429.....	546,464.67		
Interest on \$44,544.90, Jan. 1, 1904, to Dec. 31, 1911, at 2 per cent.....	7,127.18		
			<u>553,591.85</u>
July 2, 1904:			
890,443.68 taels, at \$0.63297.....	563,624.13		
Interest on \$499,187.45 for 3 days, July 2 to 4, 1904....	83.19		
Interest on \$27,486.79, July 2, 1904, to Dec. 31, 1911, at 2 per cent.....	4,123.01		
			<u>567,830.33</u>
Dec. 31, 1904:			
889,587.48 taels, at \$0.67454.....	600,062.32		
Interest on \$1,805.66, Dec. 31, 1904, to Dec. 31, 1911, at 2 per cent.....	252.79		
			<u>600,315.11</u>
June 30, 1905:			
770,252.63 taels, at \$0.63708.....	490,712.74		
Currency in gold dollars.....	490,435.44		
			<u>981,148.18</u>
Dec. 31, 1905:			
Gold dollars received.....	539,134.40		
Interest, various dates.....	2,369.16		
Interest on \$24,009.30 Dec. 31, 1905, to Dec. 31, 1911, at 2 per cent.....	2,881.12		
			<u>544,384.68</u>
June 30, 1906:			
Gold dollars received.....	507,369.23		
Interest, various dates.....	2,175.09		
			<u>509,544.32</u>
Dec. 31, 1906:			
Gold dollars received.....	506,253.02		
Interest, various dates.....	2,175.25		
			<u>508,428.27</u>
Total debits.....			<u>5,275,592.15</u>

CREDIT.

Jan. 1, 1903:			
Telegrams, 404.78 taels, at \$0.52962.....	214.38		
Commission one-half per cent, \$475,468.23.....	2,377.34		
Deposit.....	425,000.00		
Deposit.....	32,903.67		
Deposit.....	5,019.72		
			<u>465,515.11</u>
July, 1903:			
Commission one-half of 1 per cent, \$516,912.22.....	2,584.56		
Deposit.....	488,209.56		
Deposit.....	3,880.03		
			<u>494,674.15</u>
Jan. 1, 1904:			
Commission one-half of 1 per cent, \$516,464.67.....	2,732.32		
Deposit.....	499,187.45		
			<u>501,919.77</u>

July 2, 1904:			
Commission one-half of 1 per cent, \$563,624.13.....	\$2,818.12		
Deposit.....	533,256.11		
Deposit.....	63.11		
			\$536,137.34
Dec. 31, 1904:			
Commission, one-half of 1 per cent, \$600,062.32.....	3,000.31		
Deposit.....	595,256.35		
			598,256.66
June 30, 1905:			
Commission, one-half of 1 per cent, \$490,712.74.....	2,453.56		
Commission, one-half of 1 per cent, \$490,435.44.....	2,452.17		
Interest, July 1, 1905, to Dec. 31, 1911, on \$2,248.94, at 2 per cent.....	292.46		
Deposit.....	978,480.15		
			983,678.34
Dec. 31, 1905:			
Commission, one-half of 1 per cent, \$541,503.56.....	2,695.67		
Deposit.....	514,798.59		
			517,494.26
June 30, 1906:			
Commission, one-half of 1 per cent, \$507,369.23.....	2,536.85		
Deposit.....	507,007.47		
			509,544.32
Dec. 31, 1906:			
Commission, one-half of 1 per cent, \$506,253.02.....	2,531.27		
Deposit.....	505,897.00		
			508,428.27
			5,115,648.22
Balance due from banking corporation.....			159,943.93
Balance per account of the banking corporation.....			0.00
			159,943.93

Thus explained:

1. Outstanding difference as per comptroller's certificate No. 49605, more fully explained in 11 Comp. Dec., 253..... 5,627.45
2. Amount charged to the banking corporation in this settlement on account of interest at 2 per cent from July 1, 1902, date when the money was received from the Chinese Government, to Dec. 31, 1911. This interest is charged herein under the terms of the appointment of the said banking corporation, because it appears that they actually got the money on July 1, 1902, and it does not appear that they have yet deposited the amount so collected..... 1,069.21
3. Short credit of money collected Jan. 1, 1903. They collected 897,753.55 taels, which they converted at the rate of \$0.5175 per tael, being the valuation as fixed by the Bankers' Guild, at which valuation they estimated it to be equivalent to \$464,587.46 in United States currency, whereas the actual value of the Shanghai tael on Jan. 1, 1903, in Shanghai, where the money was collected, was \$0.52962, as shown by the report of the Director of the Mint, dated Nov. 27, 1911, in response to a request addressed to the Secretary of the Treasury by Mr. Hamlin on Nov. 25, 1911, copy of which is appended hereto. The actual value of 897,753.55 taels on Jan. 1, 1903, at \$0.52962 is \$475,468.23. Difference..... 10,880.77
4. Short credit of interest by the banking corporation for the month of January, 1903. They should be charged interest at 2 per cent per annum on the whole amount collected, viz., \$475,468.23, less their commission and amount spent for telegrams, aggregating \$2,591.72, which is 2 per cent on \$472,876.51 for one month, or \$788.13. They credited \$784.86. Difference..... 3.27
5. Short credit of interest for Feb. 1 and 2, 1903. They should be charged 2 per cent on the whole amount in their hands for these 2 days, which was \$476,260.67, less commission and telegrams, viz., \$2,591.72, which is 2 per cent on \$473,668.67 for two days, or \$52.63. The banking corporation credited \$50.72. Difference..... 1.91

6. Short credit of interest from Feb. 3 to Feb. 8, 1903. They should be charged with interest, viz, \$476,313.02, less their deposits of \$425,000, which is 2 per cent on \$51,313.02 for 6 days, or \$17.10, the amount charged herein. They have credited \$12.46. Difference.....	\$4. 64
7. Short credit of interest from Feb. 9 to Mar. 12, 1903. They have credited \$8.49, when the interest on \$18,409.35 at 2 per cent from Feb. 9 to Mar. 12, 1903, is \$34.76. Debit difference.....	26. 27
8. Interest charged herein on \$10,855.74, being balance due from the banking corporation on their account, dated Jan. 1, 1903, and which amount should have been remitted in order to balance their account at 2 per cent from Jan. 1, 1903, to Dec. 31, 1911.....	1, 954. 03
9. Short credit of money collected July 1, 1903. They collected 896,187.90 Shanghai taels, which they converted at the rate fixed by the Bankers' Guild, viz, \$0.5475 per tael, when the actual value of the Shanghai tael in Shanghai on July 1, 1903, was \$0.57679, as shown by the report referred to in item 3, above. They credited \$490,662.87, whereas the actual amount collected, when properly computed, was equal to \$516,912.22. Debit difference.....	26, 249. 35
10. Short deposit on account of accrued interest July 1, 1902. The table shows that they owed the Government 3,418.83 Shanghai taels, being interest on monthly deposits made by the Chinese Government up to July 1, 1902. This number of taels at \$0.56661551, the valuation of a Shanghai tael in Shanghai on the above date (see letter of the Director of the Mint, dated May 23, 1903, herewith) is equal to \$1,936.87. They credited \$1,893.18. Difference.....	43. 69
11. Short deposit on account of accrued interest Jan. 1, 1903. The table shows that they owed the Government 3,732.54 taels, when converted at \$0.52962, is equal in exchange to \$1,976.82. They credited and deposited \$1,931.59. Difference (see statement marked "16½" for items 10 and 11).....	45. 23
12. Interest on items 10 and 11 to date, \$56.55. They credited \$55.26. Difference.....	1. 29
13. Interest charged herein on \$26,208.31 from July 1, 1903, to Dec. 31, 1911, at 2 per cent per annum. This is the balance that remained in their hands July 1, 1903, and should have been deposited.....	4, 455. 41
14. Short credit of money collected Jan. 1, 1904. They collected 889,587.45 Shanghai taels, which they converted into United States currency at \$0.5675, that being the value fixed on the Shanghai tael by the Bankers' Guild instead of the actual market value of the tael on that date, which was \$0.61429, as shown by the report from the Director of the Mint referred to above. They credited \$504,840.88 instead of \$546,464.67. Difference.....	41, 623. 79
15. Amount erroneously brought forward by the banking corporation from the account of July 1, 1903, and charged in this account. They have rendered two accounts for the half year ending July 1, 1903. In the first one they admit having collected 896,187.90 Shanghai taels. In the other account of even date they state that they collected 890,443.67 Shanghai taels. The first amount above is charged to them herein because they certainly did receive the amount as acknowledged by them; otherwise they would not have rendered an account for same. The amount erroneously brought forward was.....	3, 129. 23
16. Interest charged herein on \$44,545.90, being their short deposit of Jan. 1, 1904, at 2 per cent per annum from Jan. 1, 1904, to Dec. 31, 1911..	7, 127. 18
17. Short credit of money collected July 2, 1904. They collected 890,443.68 Shanghai taels, which they converted into United States currency at the valuation placed on the Shanghai tael by the Bankers' Guild, viz, \$0.60 $\frac{3}{16}$. At this valuation, they claimed that the representative value in exchange of 890,443.68 taels was \$535,935.79, whereas at the rate of \$0.63297, the actual market value of the tael on that date as shown by the report from the Director of the Mint referred to above, the actual value in exchange of 890,443.68 Shanghai taels was \$563,624.13. Debit difference.....	27, 688. 34
18. Interest on deposit of \$499,187.45 held by the banking corporation for three days from July 2 to July 4, 1904, at 2 per cent.....	83. 19

19. Interest charged herein on \$27,486.79 from July 2, 1904, to Dec. 31, 1911, at 2 per cent per annum. This money has been held by the banking corporation all these years, being the amount of their short deposit.....	\$4,123.01
20. Short credit of money collected Dec. 31, 1904. The banking corporation show in their account that they collected 889,587.48 Shanghai taels. These taels were converted into United States currency at the valuation placed upon the Shanghai tael by the Bankers' Guild, which was \$0.6725, and at this rate they claimed that the representative value in exchange of 889,587.48 Shanghai taels was \$598,247.58, when, as a matter of fact, at the actual market value of the tael on that date as shown by the report referred to above, viz, \$0.67454, the value in exchange was \$600,062.33. The difference as charged herein is.....	1,814.74
21. Interest charged herein on \$1,805.66, the short remittance of \$1,814.74, less their short charge for commission of \$9.08, at 2 per cent per annum from Dec. 31, 1904, to Dec. 31, 1911.....	252.79
22. Overcharge for commission June 30, 1905. Their account shows that they collected 770,252.63 Shanghai taels which they converted at \$0.64, which is equal to \$492,961.68, and the commission charged on same at one-half of 1 per cent is \$2,464.80, the amount charged in their account. The Director of the Mint gives the value of a Shanghai tael in Shanghai on June 30, 1905, at \$0.63708, and when the above amount is converted at this rate it is equal to \$490,712.74, the amount charged to them in this statement and on which they were entitled to a commission of one-half of 1 per cent, or \$2,453.56. Debit difference.....	11.24
23. Interest erroneously charged in account to Dec. 31, 1905. The banking corporation's statement dated June 19, 1903, states that: "From these papers it will appear that, in accordance with the ruling of the commission of bankers, there was due to the United States on July 1, 1902, on account of accrued interest at the rate of 2 per cent per annum on monthly payments credited by this bank to the commission of bankers, \$1,893.18 gold, and in addition there was due on Jan. 1, 1903, on same account, \$1,931.59. As these funds have remained in possession of the bank from the dates in question up to this date, there is due to the United States, in addition, interest on \$1,893.18 for 353 days, at 2 per cent, and interest on \$1,931.59 for 169 days, at 2 per cent, being in each case interest on the accrued interest from the dates when the same became due to this date." It is also shown from the statement marked "36" that the banking corporation made certain other statements in regard to this item, among which are certain claims of overpayments claimed to have been made when, as a matter of fact, by reason of the fictitious value placed on the Shanghai tael, they made a short remittance. See also their tabular statement, marked "37." From the statements contained in their communication to the Department of State, dated June 19, 1903, and marked "16 $\frac{1}{4}$," it is conclusive evidence that this money was paid to them on the dates as stated, and it was their duty to account for that money. The banking corporation has no authority to decide how much should be paid, nor have they any authority to decide the advisability of remitting any particular part of the money collected by them. It is their duty to remit all they collected, less one-half of 1 per cent commission. It appears that they did actually collect the money and they should account for the same. It was remitted by them and covered into the Treasury, per warrant No. 2628, dated June 30, 1903.....	3,880.03
24. Interest erroneously charged on item 23.....	170.50
25. Erroneous charge of an overremittance of Jan. 1, 1905. (See statement marked "37.") The banking corporation states that they actually remitted \$598,247.58, when no such remittance was ever made, but they did make a remittance of \$595,256.35, which was covered into the Treasury, per warrants No. 254, dated Feb. 7, 1905, and No. 2685, dated Feb. 8, 1905. The charge is therefore erroneous and not allowed.....	13,343.61
26. Erroneous charge of interest on item 25.....	178.66

27. Erroneous charge for an overremittance July 1, 1905, not allowed in this statement, because no such remittance has been made as claimed by the banking corporation. (See statements marked "36" and "37.").....	\$6,239.04
28. Charge for interest on item 27 not allowed.....	20.80
29. Interest on items 23 to 28, inclusive, erroneously charged. These items were properly remitted in the first place, and the banking corporation has no authority under the terms of their agreement to make a charge for interest on same. See account current, Dec. 31, 1905.....	164.85
30. Interest charged herein on \$24,009.30 from Dec. 31, 1905, to Dec. 31, 1911, at 2 per cent per annum. This was the amount of their short deposit on said date, which amount has never been deposited by said bankers.....	2,881.12
	<hr/>
	163,094.64
(a) Less short charge for telegrams, Jan. 1, 1903, and commissions caused by errors in computing foreign currency (see item 1 above).....	\$59.31
(b) Their short charge for commission in account dated July 1, 1903, caused by error in computing the Shanghai tael at a rate different from the actual value on said date.....	131.25
(c) Their short charge for commission allowed herein for same reasons explained in item (b), Jan. 1, 1904.....	208.12
(d) Their short charge for commission July 2, 1904, allowed herein for same reason as given in item (b).....	138.44
(e) Their remittance covered into the Treasury May 10, 1904, per warrant No. 537, not charged in their accounts, but allowed herein.....	63.11
(f) Their short charge for commission Dec. 31, 1904, allowed herein as per item (b).....	9.08
(g) Their over deposit Sept. 5, 1905, covered into the Treasury per warrant No. 1305. It would appear that they subsequently discovered this error and undertook to correct it in the rendition of their account Dec. 31, 1905 (see statements marked "36" and "37").....	2,248.94
(h) Interest on this over remittance from July 1, 1905, to Dec. 31, 1911, at 2 per cent, allowed herein, because same has been charged to them on all amounts not promptly accounted for, and it is nothing but fair that they should receive interest on this over remittance, notwithstanding no provision is made for such allowance in the contract with the banking corporation.....	292.46
	<hr/>
	3,150.71
Explained difference.....	<hr/> 159,943.93

In further explanation of items 1 and 2 above, I have to advise that in the original settlement as made by the Auditor for the State and other Departments, per his report No. 35701, he suspended the sum of \$11,526.07, and gave the banking corporation a chance to file with the department any reasons which they might deem proper, showing why the said item should not be disallowed. The difference was the result of an erroneous valuation placed upon the Shanghai tael by the Bankers' Guild. By some reason which has never been explained, so far as I know, they decided that a Shanghai tael was worth on the date the money was received \$0.55 $\frac{3}{8}$, but the auditor ascertained that the actual value on the date the money was received was \$0.56661551, which is confirmed by a letter from the Director of the Mint, dated May 27, 1903, which letter was on file in the account at the time the Comptroller of the Treasury revised the settlement, and is as follows, marked "Exhibit A."

In the revision made by the comptroller April 13, 1905, per report No. 46605, he used the New York exchange value, or "brokers' slips," as is clearly indicated in the correspondence between the comptroller and the banking corporation, extracts of which are as follows (copy entire letter of comptroller dated Aug. 9, 1904, marked "Exhibit B"):

"I find it necessary in the settlement of your accounts as agents of the United States to collect the Chinese indemnity, to know what were the rates of exchange for New York exchange in Shanghai on July 3, 1902. In other words, I desire to know the

amount expressed in United States gold that would have been charged for converting Chinese taels to the value of \$496,098.05, as expressed in gold to New York exchange.

“Respectfully,

“R. J. TRACEWELL, *Comptroller.*”

The above letter was addressed to the International Banking Corporation on August 9, 1904, and they replied on October 31, 1904, as follows (copy entire letter of the banking corporation dated October 31, 1904, marked “Exhibit C”):

“In accordance with the request contained in your letter of the 9th of August, to provide you with the rate of exchange in Shanghai for telegraphic transfers on New York on 3d of July, 1902, we now beg to hand you “brokers’ slips,” giving rates on that date, and also upon the day upon which the subsequent semiannual payments were made to our branch there on account of the indemnity.

“These dates and rates are July 3, 1902, 56; December 31, 1902, 51 $\frac{3}{8}$ to 52 $\frac{3}{4}$; July 3, 1903, 56 $\frac{3}{4}$; December 31, 1903, 59; June 29, 1904, 62.

“These rates are those current on the dates mentioned for telegraphic transfer on New York. As it is important that we should have these slips for future reference, we beg that you will return them to us.”

After the comptroller obtained the above information from the banking corporation he took the exchange valuation in New York, July 3, 1902, which was \$0.56, and reversed the auditor’s settlement, making a disallowance of \$5,627.45 instead of \$11,526.07, disallowed by the auditor. I have made no change in comptroller’s disallowance.

The other items of difference are nearly all the result of the banking corporation, making the conversions at a valuation fixed by the bankers’ guild instead of the valuation fixed by the quotations from London, that being the silver market of the world, just as Liverpool fixes the price on wheat by its daily quotations. In other words, the daily quotations from London give the brokers in Shanghai what they, the London market, will pay for silver in Shanghai at the time the quotation is made. This does not give the price in London.

The comparative values of a Shanghai tael in Shanghai on the dates when the money was received in the banking corporation’s accounts covered by this statement are as follows:

	Values in Shanghai by the London quotations.	Values of bankers’ guild.
Jan. 1, 1903.....	\$0. 52962	\$0. 5175
July 1, 1903.....	. 57679	. 5475
Jan. 1, 1904.....	. 61429	. 5675
July 2, 1904.....	. 63297	. 60 $\frac{3}{8}$
Dec. 31, 1904.....	. 67454	. 6725
June 30, 1905.....	. 63708	. 64

In further explanation of the large items of interest charged in this statement, as shown above, I have to advise that these charges have all been made from the dates when the money was collected and should have been deposited into the Treasury up to and including December 31, 1911. These charges are properly made, because the money has remained in the hands of the banking corporation since the various dates when the same was collected to the present time. See the provisions of the contract contained in the bond.

I hereby certify the above statement to be correct to the best of my knowledge and belief.

Respectfully submitted.

J. B. KINNEAR.

			Balance.
1903.	Balance and interest per settlement.....	86,696.66	86,696.66
Jan. 1	Items 3, 4, 5, 6, 7, 8 (a), and balance of \$11.81*.....	478,314.88	8465,515.11
July 1	Items 9, 10, 11, 12, 13 and (b).....	525,337.87	494,674.15
1904.			
Jan. 1	Items 14, 15, 16, and (c).....	553,591.85	501,919.77
July 2	Items 17, 18, 19 (d), and (c).....	567,830.33	536,137.34
Dec. 31	Items 20, 21, and (f).....	609,315.11	598,256.66
1905.			
June 30	Items (g), (h), and 22, \$2,530.16 †.....	981,148.18	983,678.34
Dec. 31	Items 23, 24, 25, 26, 27, 28, 29, and 30, and balance of \$11.81*.....	544,484.68	517,494.26
1906.			
June 30	509,544.32	509,544.32
Dec. 31	508,428.27	508,428.27
	Net balance due to the United States.....		159,943.93
		5,115,648.22	5,115,648.22

Thereupon the subcommittee adjourned.

No. 17

HEARINGS

BEFORE THE

SUBCOMMITTEE OF THE COMMITTEE ON EXPENDITURES
IN THE STATE DEPARTMENT

HOUSE OF REPRESENTATIVES

ON

HOUSE RESOLUTION NO. 103

TO INVESTIGATE THE EXPENDITURES IN
THE STATE DEPARTMENT, ETC.

MARCH 18, 1912



WASHINGTON
GOVERNMENT PRINTING OFFICE

1912

EXPENDITURES IN THE STATE DEPARTMENT.

[Committee room, basement, main building: Telephone 278. Meets on call.]

COURTNEY W. HAMLIN, Missouri, *Chairman.*

S. H. DENT, JR., Alabama.

CHARLES R. DAVIS, Minnesota.

S. A. RODDENBERY, Georgia.

JOHN Q. TILSON, Connecticut.

HUBERT D. STEPHENS, Mississippi.

WILLIAM W. WEDEMEYER, Michigan.

SAM C. NEALE, *Clerk.*

SUBCOMMITTEE.

COURTNEY W. HAMLIN, *Chairman.*

S. H. DENT, JR.

CHARLES R. DAVIS.

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EXPENDITURES IN THE STATE DEPARTMENT.

SUBCOMMITTEE OF THE COMMITTEE ON
EXPENDITURES IN THE STATE DEPARTMENT,
HOUSE OF REPRESENTATIVES,
Monday, March 18, 1912.

The subcommittee met at 2.30 o'clock p. m., Hon. Courtney W. Hamlin (chairman) presiding.

STATEMENT OF MR. ROBERT S. CLAYTON.

The CHAIRMAN. State your name, please.

Mr. CLAYTON. Robert S. Clayton.

The CHAIRMAN. What position do you hold?

Mr. CLAYTON. I am rated as a clerk, in charge of the mail room in the State Department.

The CHAIRMAN. How long have you occupied that position?

Mr. CLAYTON. Well, I have only been in charge about five or six months, since September 26.

The CHAIRMAN. Had you been employed in that particular work prior to that time?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. How long?

Mr. CLAYTON. Well, I had been there all told about 15 months; no, 27 months; I have been there a trifle over two years, about 27 months.

The CHAIRMAN. Had you been in the employ of the State Department prior to that time?

Mr. CLAYTON. No, sir; I had been in the building; I was under the superintendent previous to going under the State Department.

The CHAIRMAN. Superintendent of what?

Mr. CLAYTON. The State, War, and Navy Building.

The CHAIRMAN. How many men have you under you in the mail room?

Mr. CLAYTON. Six, including myself.

The CHAIRMAN. Please give us their names?

Mr. CLAYTON. Maj. E. P. Walker, Maj. H. C. McArthur, C. H. Clements, C. E. Byson, and O. L. Reed.

The CHAIRMAN. And yourself?

Mr. CLAYTON. Yes, sir.

Mr. DAVIS. Five altogether?

Mr. CLAYTON. No; six with myself.

The CHAIRMAN. I want to ask you whether you have a man there by the name of Pinkett?

Mr. CLAYTON. I have; I did not think to put him in because he does not work there in the room very much.

The CHAIRMAN. What are his initials?

Mr. CLAYTON. A. S.

The CHAIRMAN. He does not work there very much?

Mr. CLAYTON. No. He is off with the Secretary on his trip now.

The CHAIRMAN. Is he a white man or a colored man?

Mr. CLAYTON. A colored man.

The CHAIRMAN. How long has he been assigned to your division?

Mr. CLAYTON. Well, to my knowledge, he has been there about three years.

The CHAIRMAN. Do you know what salary he draws?

Mr. CLAYTON. \$1,200.

The CHAIRMAN. How much of the time during these three years has he been at work in your division?

Mr. CLAYTON. Well, that is a pretty hard thing to figure out; there are some days he does not come there at all, and there are some days that he is there an hour or two.

The CHAIRMAN. Well, about what percentage of the time has he put in at work there?

Mr. CLAYTON. Well, I would not say over one-third.

The CHAIRMAN. Do you think he has been there one-third of the time during the three years?

Mr. CLAYTON. I guess he has, when you sum total the whole thing up.

The CHAIRMAN. You would say about one-third of the time?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. Do you know what he has been doing the other two-thirds of his time?

Mr. CLAYTON. Well, he is employed as a clerk to the Secretary of State, and he works at the house a great deal; that is, with his correspondence.

The CHAIRMAN. He works at the Secretary's house?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. How do you know that?

Mr. CLAYTON. Well, I have got it from himself.

The CHAIRMAN. Pinkett himself?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. Now, Mr. Clayton, I want to be perfectly frank with you. I have a letter here stating that A. S. Pinkett, negro, appointed as clerk in the department, under Executive order, April 26, 1909—and I have verified that by the register—is drawing \$1,200 salary; that he works solely for Mr. Knox at his house, probably as his butler, or something of that sort; he is assigned to the mail room of the department. Now, is that statement substantially true?

Mr. CLAYTON. That is true. But as far as being assigned as butler, he is not assigned as butler or anything of the kind; he is a stenographer and typewriter and takes dictation and writes letters for the Secretary, for instance, his speeches and things of that kind; he does a great deal of that work.

The CHAIRMAN. And he is with him on his trip now?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. How about Maj. Walker; does he put in all of this time?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. What does he get?

Mr. CLAYTON. He is rated as a messenger at \$60 a month; \$720 a year.

The CHAIRMAN. Is he a white man?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. And puts in all of his time and gets \$720?

Mr. CLAYTON. Yes, sir.

Mr. DAVIS. Is he a major in fact?

Mr. CLAYTON. He is a major in fact; both of them, Maj. Walker and Maj. McArthur.

The CHAIRMAN. They were both soldiers and are actually entitled to the rank of major?

Mr. CLAYTON. Yes, sir.

Mr. DAVIS. Are they on the retired list?

Mr. CLAYTON. Well, they were in the service from 1861 to 1864, you know.

The CHAIRMAN. Are they retired under the law, or are they on the Army retired list?

Mr. CLAYTON. No; they were enlisted men. I mean, they were men who volunteered for service; that is what I am trying to get at; they did not belong to the Regular Army.

The CHAIRMAN. You mean they were volunteers in the war, but they did not afterwards join the Regular Army?

Mr. CLAYTON. No; that is the idea.

The CHAIRMAN. Is Maj. McArthur a white man?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. And does he put in all of his time in your division?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. What salary does he draw?

Mr. CLAYTON. \$1,000.

The CHAIRMAN. How about Clements?

Mr. CLAYTON. He is a driver and gets \$50 a month.

The CHAIRMAN. Is he a white man?

Mr. CLAYTON. No; he is a colored man and gets \$50; and Dyson is a colored man.

The CHAIRMAN. What does he get?

Mr. CLAYTON. \$60.

The CHAIRMAN. Do they both put in all of their time?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. What is Reed?

Mr. CLAYTON. He is a colored man.

The CHAIRMAN. What does he do?

Mr. CLAYTON. He is a messenger at \$60.

The CHAIRMAN. Does he put in all of his time?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. And the highest priced man in your bureau is this man Pinkett, a colored man, at \$1,200, and he only puts in about one-third of his time?

Mr. CLAYTON. Yes, sir; and Maj. McArthur comes next, drawing \$1,000; he is the next.

The CHAIRMAN. What do you draw?

Mr. CLAYTON. \$1,200.

The CHAIRMAN. You only draw \$1,200 and you are the chief of that division?

Mr. CLAYTON. Yes, sir.

The CHAIRMAN. And put in all of your time?

Mr. CLAYTON. Pretty much all of it; usually from 7 or 7.30 in the morning until 7 and 7.30 in the night, and sometimes later. I have to do it. I have not made any kick and I do not care to make any kick, because I have got those two old men there; while it is wearing me out I am not one to make any fuss over it, but to make the best of it. They are aware of the fact. I have spoken to the chief clerk along the line and tried to get somebody who was a younger man.

The CHAIRMAN. What are your duties?

Mr. CLAYTON. I have charge of the dispatch of foreign mails and receive all foreign mails, pouch mails, and dispatch all domestic mails connected with the department.

Mr. DAVIS. Do you keep a record?

Mr. CLAYTON. We keep a record of every letter and pouch and of all official supplies; in fact, everything going out from the department.

Mr. DAVIS. Are you the only one who keeps any record?

Mr. CLAYTON. That is all in the department.

Mr. DAVIS. What do the others do? What does Maj. Walker do?

Mr. CLAYTON. Well, he is rated as a messenger, but he is doing clerical work.

Mr. DAVIS. What kind of clerical work?

Mr. CLAYTON. Well, we have to keep—for instance, we receive an advice card, stating a pouch has been dispatched, and he enters that card on the book and when the pouch has been received he also notes that fact on the book. Then, in making up a pouch and sending it out, he will make out a card advising the legation or embassy to that effect, and the same thing all the way through.

Mr. DAVIS. Does that particular work keep him busy all of the time?

Mr. CLAYTON. Yes, sir; it is a good day's work for any man who wants to try it.

Mr. DAVIS. What does Maj. McArthur do?

Mr. CLAYTON. He helps to make up the invoices—that is to say, he makes up the contents of the pouches, tying up newspapers and magazines, and things of that kind, listing, and does most of the typewriting.

Mr. DAVIS. Is there much occasion or necessity for any great amount of typewriting?

Mr. CLAYTON. There is; at times there is quite a good bit of it. It would be an utter impossibility to do that work by pen in this particular work.

Mr. DAVIS. What does Mr. Clements do?

Mr. CLAYTON. He is a driver; he drives the mail wagon.

The CHAIRMAN. What kind of wagon does he drive—a wagon drawn by a horse or is it an automobile?

Mr. CLAYTON. It is a horse-drawn wagon.

The CHAIRMAN. How many wagons have you?

Mr. CLAYTON. Only one.

The CHAIRMAN. A two-horse wagon or a one-horse wagon?

Mr. CLAYTON. A one-horse wagon.

The CHAIRMAN. How many horses have you in that department?

Mr. CLAYTON. Two.

The CHAIRMAN. That you exchange about on this wagon—is that the idea?

Mr. CLAYTON. Yes, sir. On some days we have some pretty heavy runs. For instance, we do pretty much all of the outside messenger work pertaining to the department.

Mr. DAVIS. What does Mr. Dyson do?

Mr. CLAYTON. He runs errands and helps to clean up the office; in fact, delivers, the same as the other men do.

Mr. DAVIS. Is he particularly assigned to janitor duty more than anyone else?

Mr. CLAYTON. Yes; he is.

Mr. DAVIS. How about Mr. Reed? What does he do?

Mr. CLAYTON. He is on the wagon with Mr. Clements.

Mr. DAVIS. You have two men on the wagon?

Mr. CLAYTON. Yes, sir.

Mr. DAVIS. Are the duties such that it requires two men on the wagon?

Mr. CLAYTON. Yes, sir. If you would see some of the deliveries that come down there you would think so. We have had to keep both of those men out some nights until 11 o'clock delivering letters to receptions and invitations and things of that kind. Then, in addition to that, he distributes the mail from the mail room to the various bureaus after it has been assorted. In fact, I am one not to take advantage of anything of that kind. I try to economize everywhere I can.

The CHAIRMAN. Have you any more help than you need?

Mr. CLAYTON. I have not as much as I need.

The CHAIRMAN. Why do you not call upon Pinkett to help you?

Mr. CLAYTON. I can not do that very well, because he is assigned to the Secretary.

The CHAIRMAN. Who assigned him?

Mr. CLAYTON. Well, I do not know, unless the Secretary did himself. I have never put that question to him.

The CHAIRMAN. Well, when he does come there, does he come voluntarily or do you have to send for him?

Mr. CLAYTON. No; he comes voluntarily.

The CHAIRMAN. What does he do when he comes?

Mr. CLAYTON. He does typewriting, makes up the invoices on the typewriter, and at times he will help to make up the pouches.

The CHAIRMAN. But you can not depend upon him if you do not know when he is to be there?

Mr. CLAYTON. No, sir.

Mr. DAVIS. Do you actually have any control over him at all?

Mr. CLAYTON. None whatever; he is simply assigned to the mail room—he is on the pay roll and assigned to the mail room—and that is all there is to it.

Mr. DAVIS. Do you know where he came from?

Mr. CLAYTON. Well, he was with the Secretary when he was Senator, and so was Miss Marsh, both of them.

The CHAIRMAN. And he brought those two with him when he became Secretary of State?

Mr. CLAYTON. Yes, sir.

STATEMENT OF MR. WILLIAM M'NEIR, CHIEF CLERK STATE DEPARTMENT.

The CHAIRMAN. You are chief clerk of the State Department?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. How long have you been chief clerk?

Mr. McNEIR. Since December, 1909.

The CHAIRMAN. As chief clerk, according to the plan furnished to me, and which I have no doubt is correct, you have charge, I believe, of the translators?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Printing office, stationery room, telephone room, carpenter, lithographer, mail room, dispatch agents, and stables?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. All of those divisions come immediately under your supervision, do they?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Now, what I want to direct your especial attention to is the appropriation carried in the last legislative appropriation bill, and in others, for that matter, reading in this way:

For miscellaneous expenses, including the purchase, care, and subsistence of horses, to be used only for official purposes; repair of wagons, carriages, and harness, rent of stable, telegraph and electrical apparatus and repairs to the same; and other items not included in the foregoing, eight thousand dollars.

Is that appropriation used in these different divisions over which you have jurisdiction?

Mr. McNEIR. It is used in the stable and for miscellaneous and contingent expenses of the department.

The CHAIRMAN. How many horses have you?

Mr. McNEIR. Four.

The CHAIRMAN. What are they used for?

Mr. McNEIR. Two for the Secretary's carriage and two for the mail wagon.

The CHAIRMAN. Do you make any report showing how this money is expended each year, this \$8,000?

Mr. McNEIR. Oh, yes; there is a report made to Congress every year.

The CHAIRMAN. A report in which this \$8,000 can be traced?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Have you that report with you?

Mr. McNEIR. Yes, sir; for the last session of Congress.

The CHAIRMAN. I wish you would give to the stenographer the pages and items which show how this money was expended during this last fiscal year.

Mr. McNEIR. It is Exhibit No. 5, on pages 10, 11, 12, House Document No. 247, Sixty-second Congress, second session.

The CHAIRMAN. Were all of the items in Exhibit No. 5 paid out of this fund?

Mr. McNEIR. Paid out of the contingent fund of the Department of State, which is \$8,000.

The CHAIRMAN. That is the money appropriated in the paragraph which I have read to the stenographer?

Mr. McNEIR. Yes; that is called the contingent fund by the Treasury Department; they put the heading on, and it is on that account.

The CHAIRMAN. And all of the items on page 11 of House Document No. 247, Sixty-second Congress, second session, were paid out of that fund?

Mr. McNEIR. Yes, sir; down to the total amount on page 12; \$7,550.88 is the total amount.

The CHAIRMAN. Now, was anything else paid out of that fund except the items mentioned in this exhibit?

Mr. McNEIR. No, sir.

The CHAIRMAN. Are these the usual items?

Mr. McNEIR. The only ones allowable by the Treasury.

The CHAIRMAN. You are familiar with these items?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Are any traveling expenses included?

Mr. McNEIR. No, sir; traveling expenses are not charged against the contingent expenses of the department. However, that should be qualified, because only recently we have had a decision from the Comptroller of the Treasury, the advance copy of which I have seen—I do not believe it has been printed as yet—and under that decision traveling expenses are to be charged to the contingent expenses. But I can tell you that nothing had been paid out of the contingent expenses prior to that decision or since, as far as I know.

The CHAIRMAN. What traveling expenses do you refer to?

Mr. McNEIR. Any traveling expenses that might be ordered by the Secretary of State on business connected with the department.

The CHAIRMAN. If there had been none paid out up to date what was the occasion for the Comptroller making that decision?

Mr. McNEIR. That I am just as much in doubt about as you are. The first notice I had of that decision was when a copy of it was put on my table, and I do not know what led up to it at all. There has been nothing charged against the contingent fund for traveling expenses, and I do not know what led up to that.

The CHAIRMAN. Well, can any of this appropriation be paid out without your knowledge?

Mr. McNEIR. I hardly think so; I would not like to be positive about that, but a voucher requires my signature, together with the signature of the chief of the bureau for which the service is rendered, and final approval by the Third Assistant Secretary before it is a completed voucher. I think I am safe in saying that it could not be paid out without my signature.

The CHAIRMAN. You say these vouchers have to be passed upon by you and approved by the Third Assistant Secretary?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Why does the Third Assistant Secretary have to approve those vouchers?

Mr. McNEIR. That duty has been delegated to him by the Secretary of State, because the chief clerk of the department is not an officer who is confirmed by the Senate, and the Treasury insists that an approval for the payment of money shall be by a confirmed officer.

The CHAIRMAN. That is the rule of the department?

Mr. McNEIR. That is the rule of the Treasury.

The CHAIRMAN. And the Third Assistant Secretary is by rule of the department delegated as the one who shall approve those vouchers?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Of course, anyone would be able to understand what was meant in this paragraph by the words "purchase, care, and subsistence of horses, to be used only for official purposes," and also the words "repair of wagons, carriages, and harness, rent of stable," and so forth, but what is meant by the words "telegraph and electrical apparatus and repairs to the same"? What do those words cover?

Mr. McNEIR. That at the present time is a misnomer; we have asked Congress on two occasions to strike out those words. Some years ago, prior to the putting of the building under the care of the superintendent, each department had to pay for its own electrical repairs, but now the superintendent of the building, who is under the control of the commission composed of the Secretary of State, the Secretary of War, and the Secretary of the Navy, makes all of the repairs to the electrical apparatus of every description. I do not know that there is ever any charge for telegraph repairs, because I think the company makes them; the telephone company makes all repairs to their wires, but such things as call bells, batteries, electrical clocks, and the like have been bought by the department in the past, but they are now paid for by the superintendent of the building. I think in the estimates of this year you will find that we have asked them to leave those words out; I know we did last year, but the committee did not do it.

The CHAIRMAN. What I am getting at is this: That there were no payments made covering telegraph and electrical apparatus during this last fiscal year?

Mr. McNEIR. No, sir; I think not.

The CHAIRMAN. What amount was paid during the last fiscal year for the purchase, care, and subsistence of horses?

Mr. McNEIR. So far as the purchase of horses is concerned, we bought no horses during the last fiscal year; so far as care is concerned, it would be a matter of computation; I would have to go through the list and pick out the items.

The CHAIRMAN. What would it include?

Mr. McNEIR. Feed, horseshoeing, stableman, and repair of wagons.

The CHAIRMAN. I am speaking of the horses alone. It would be for feed alone, because no horses were purchased?

Mr. McNEIR. No horses were purchased.

The CHAIRMAN. It would be pay of stableman?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. And horseshoeing?

Mr. McNEIR. Yes, sir; and such repairs as might be necessary to the wagon.

The CHAIRMAN. There is a separate provision, however for that, and I was going to ask you about it. How many wagons have you?

Mr. McNEIR. One.

The CHAIRMAN. How many carriages?

Mr. McNEIR. I think the department has two—a winter carriage and a summer carriage.

The CHAIRMAN. Do you know about what the aggregate of those items was for the last year?

Mr. McNEIR. I could not tell you offhand, Mr. Hamlin, because I do not keep those figures in my head. If I had thought of it I could have brought up the allotment which was made. There is what we call an allotment made by the Secretary of State; he allots so much money for the use of the stables, so much for telegraphing, and things of that kind, but I have not the figures in my head. I can furnish them to you if you want them.

The CHAIRMAN. In other words, this itemizes exactly how this money was paid out?

Mr. McNEIR. Those are the vouchers as submitted to the auditor for final approval, and cover every dollar paid out of that fund.

The CHAIRMAN. I notice this includes supplies for the department, such as toweling, floor oil, rubber stamps, combs, soap, electric fans, and such things as those.

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Who buys those things?

Mr. McNEIR. They are bought by the chief clerk's office.

The CHAIRMAN. Are they let out by contract?

Mr. McNEIR. Recently, and within the last two years, they have been bought under the general supply committee, a contract being made for all of the departments.

The CHAIRMAN. And do you make these purchases on requisitions from the different divisions?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. I see an item here for messenger service paid for out of this fund.

Mr. McNEIR. Yes; that refers to telegraph messenger boys to take a letter from our department to the Secretary's house or around to the legations, something in connection with the business of the department after office hours, but usually on Sundays.

The CHAIRMAN. Have you not messengers to do that work?

Mr. McNEIR. We have messengers there during working hours, but after 5 o'clock in the evening there are no messengers there or on Sundays.

The CHAIRMAN. Well, who reports that service to you?

Mr. McNEIR. The telegraph office.

The CHAIRMAN. The Western Union Co.?

Mr. McNEIR. No; our telegraph office there.

The CHAIRMAN. Well, that would be for messages, would it not, and not letters or other mail?

Mr. McNEIR. Oh, not mail; it refers to special telegrams that come in after the close of business that must be sent to the residence of the Secretary of State and to the Assistant Secretary of State. Telegrams are sent to the residence of the Secretary of State and to the Assistant Secretary Sunday morning and Sunday evening.

The CHAIRMAN. Is this expense of last year, \$7,550.88, for these items about the usual expenditure each year?

Mr. McNEIR. Yes; some years we do not have quite that much to turn in and in other years we have a little more.

The CHAIRMAN. I see among these items a long list of taxicab charges. What are they for?

Mr. McNEIR. They are for the various officers of the department who have been sent around town for various purposes. You will find that nearly all of those are from the office of the Secretary of State or the Assistant Secretary of State, with the exception of Mr. Fitzsimmons, who is in the Bureau of Accounts. Our Bureau of Accounts, as you know, is at the Union Trust Building, and those men have to come over to the department once a month to pay off, and they carry \$21,000 or \$22,000, and on those days they use a taxicab or a cab, or something of that sort, to come over in.

The CHAIRMAN. That is one day a month?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Do you pay the employees in cash or by check?

Mr. McNEIR. In cash.

The CHAIRMAN. You pay them in cash, do you?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. And that is brought over from the Union Trust Building?

Mr. McNEIR. To the main building.

The CHAIRMAN. And that is once a month?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Who in the department uses these taxicabs besides your paymaster?

Mr. McNEIR. Practically no one without the order of the Secretary or the Assistant Secretary.

The CHAIRMAN. Does anyone use them except the Secretary and the Assistant Secretary?

Mr. McNEIR. Not that I know of, except by their orders, of course.

The CHAIRMAN. Do you recall occasions when they have used them?

Mr. McNEIR. Yes; if there are a great many letters to go out in the afternoon, or if there should be occasion for them to come up here in a hurry, and several of them have come up here in that way. And they have occasion at times to go to the War College, which is along the river somewhere, at a place somewhat out of reach, and they sometimes have to go there on a dead run. We had an order from the President the other day to go to the War College for some information which he wanted right away. I think the bill for that is about \$6 or \$7.

The CHAIRMAN. And that is what this taxicab hire is for?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Now, if you need in the neighborhood of \$7,550.88 a year for this purpose, it would not leave much to pay traveling expenses?

Mr. McNEIR. No, sir.

The CHAIRMAN. Do you know whether it is true that the expenses of Mr. Knox's present trip and the company that is traveling with him are to be paid out of this fund?

Mr. McNEIR. It is perfectly absurd on the face of it. Eight thousand dollars would not pay one-sixteenth of Mr. Knox's trip.

The CHAIRMAN. Out of what fund are his expenses to be paid?

Mr. McNEIR. I do not know what the fund will be. But that originated in the mind of some newspaper man in the Treasury Department who saw a copy of this decision that I was telling you about a few moments ago, and he immediately put two and two together, and in his bright way made up that story. It would be

perfectly absurd to think that Mr. Knox could make a trip of the kind he is making on \$8,000, and that is the entire amount of this appropriation.

The CHAIRMAN. You say you were furnished with a copy of the comptroller's decision?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Well, is it true or is it not true that he decided that Mr. Knox's expenses could be paid out of that fund?

Mr. McNEIR. Absolutely he has not. He made no such decision as that at all.

The CHAIRMAN. What did he decide?

Mr. McNEIR. He said that ordinary traveling expenses could be paid out of this appropriation.

The CHAIRMAN. Out of what fund are his expenses being paid?

Mr. McNEIR. That I could not tell you; nothing has been paid on account of the trip as yet.

The CHAIRMAN. Certainly some money has had to be paid?

Mr. McNEIR. Not so far as I am aware, and as far as I can find out in the department there has never been a dollar paid out of any appropriation at all.

The CHAIRMAN. Well, there had to be some railroad fares paid, had there not?

Mr. McNEIR. Well, Mr. Knox may have paid the fares himself and expects to be reimbursed when he gets back, but so far as I know there has been nothing paid.

The CHAIRMAN. I call your attention to this letter, dated February 16, 1912, addressed to the honorable the Secretary of State, as follows:

SIR: I have received your letter of February 9, 1912, as follows:

"In providing for the expenses of travel of officers of this department and the foreign service in connection with official business, it has been the practice to utilize the appropriation for 'Emergencies arising in the Diplomatic and Consular Service,' and 'Advancement of commercial and other interests,' respectively, according to the nature of the official business to be transacted. There is some doubt, however, whether either of the appropriations named could be used to defray expenses of travel on strictly departmental business, and I have therefore to request your decision as to whether, in the event that it should become necessary to incur expenses of travel and subsistence in connection with official business of this department of a nature not strictly within the scope of either of the appropriations hereinbefore mentioned, those expenses could be paid from the appropriation 'Miscellaneous expenses, including the purchase, care, and subsistence of horses, to be used only for official purposes, repair of wagons, carriages, and harness, rent of stable, telegraph and electrical apparatus and repairs to the same, and other items not included in the foregoing, eight thousand dollars.' (Act approved Mar. 4, 1911.) This appropriation has in the past been used for various miscellaneous expenses, but so far as I am aware has not been used in defraying the expenses of travel upon official business.

"On the other hand, it is the only appropriation, with the exception of the two already mentioned, from which the expenses of travel on official business connected with the department could be paid."

The appropriation of March 3, 1911 (36 Stat., 1031), under the head "Emergencies arising in the Diplomatic and Consular Service," provides as follows:

"To enable the President to meet unforeseen emergencies arising in the Diplomatic and Consular Service, and to extend the commercial and other interests of the United States, to be expended pursuant to the requirement of section two hundred and ninety-one of the Revised Statutes, ninety thousand dollars."

The appropriation of March 4, 1911 (36 Stat., 1186), for the legislative, executive, and judicial expenses of the Government, under the title "Advancement of commercial and other interests," Department of State, provides:

"* * * For meeting occasional and unforeseen expenses arising in connection with foreign trade relations which come within the jurisdiction of the Department of State under tariff legislation and otherwise, and in the negotiation and preparation of treaties, arrangements, and agreements for the advancement of commercial and other interests * * * twenty-five thousand three hundred and forty dollars."

No specific provision has been found in any of the appropriations for the State Department for traveling expenses of its officers and employees on strictly departmental business.

The appropriation for "Emergencies arising in the Diplomatic and Consular Service," supra, also the subappropriation for "Advancement of commercial and other interests," supra, are so limited as to make each available only for expenses of travel in connection therewith, respectively.

There is another appropriation in the act of March 4, 1911 (36 Stat., 1187), carried on the books under the title of "Contingent expenses, Department of State," which reads:

"For miscellaneous expenses * * * and other items not included in the foregoing, eight thousand dollars."

The last mentioned appropriation is a departmental appropriation as distinguished from a field appropriation and seems broad enough to include traveling expenses, and is available for travel on strictly departmental business.

I have therefore to advise you that in the event it becomes necessary to incur expenses of travel and subsistence in connection with official business of the State Department of a nature not strictly within the scope of either of the two appropriations first quoted that the last-named appropriation, that is "Contingent expenses, Department of State, for miscellaneous expenses, etc.," would be available.

Respectfully,

R. J. TRACEWELL, *Comptroller*.

Now, if it is absurd—and I agree with you that it is—that his expenses are to be paid out of this \$8,000, why this inquiry and why this answer?

Mr. McNEIR. I do not think that answer had a particle of relation to Mr. Knox's trip.

The CHAIRMAN. What could it have relation to?

Mr. McNEIR. To the fact that we have heretofore, as we cite there, been paying under the supposition that the contingent expenses could not be used for that, and I think under former decisions, although I am not positive about that; but at any rate, under the supposition that we could not pay traveling expenses out of the contingent fund, and we have been charging them either to the emergency appropriation, which would be covered under section 291, if the Secretary so ordered, or to the diplomatic and consular contingent expenses, if the travel related to that branch of the service. Now, it is evident that under the new order of things we are not to do that, and we have asked whether in case of necessity, and on business for the department, traveling expenses will be allowed to be charged to the contingent expenses. That is my interpretation of it.

The CHAIRMAN. Ordinary traveling expenses have been paid out of the emergency fund and out of the fund for the Diplomatic and Consular Service?

Mr. McNEIR. Out of various funds. Now, he cites there an item of \$25,000, and that is out of what we call the \$100,000 appropriation for the advancement of commercial and other interests, and if it related to that it would be charged to that fund; it would be charged to the Consular Service if it related to the Consular Service, and in other instances the charge has been put upon the emergency fund; but we have charged nothing to contingent expenses.

The CHAIRMAN. Nothing has ever been paid out of that heretofore?

Mr. McNEIR. That is so, to the best of my knowledge and belief.

The CHAIRMAN. What would be the occasion for the Secretary of State making this inquiry at this particular time if he did not have reference to his present trip?

Mr. McNEIR. Because our system of accounts and our accounting bureaus are undergoing a change, as you are aware, and we want to find out and issue definite and positive rules. I think I can be perfectly frank with you and say that it had no relation whatever to Secretary Knox's trip.

The CHAIRMAN. When did Secretary Knox leave?

Mr. McNEIR. He left Washington, I think, on the 12th of February and went to Palm Beach, and, if I have the dates correct, I think he left there about the 24th of February for his trip.

The CHAIRMAN. How many were in his party, if you know?

Mr. McNEIR. There are two men from the office—Mr. Doyle and Mr. Coombs—and then the Secretary's immediate party, which is his wife, two sons and their wives, a valet, and a couple of maids.

The CHAIRMAN. What is the name of the valet?

Mr. McNEIR. I think Archibald Pinkett.

The CHAIRMAN. Is he an employee of the State Department?

Mr. McNEIR. Pinkett has been with Mr. Knox for some time. Yes; he is in the State Department.

The CHAIRMAN. What does he do?

Mr. McNEIR. He is a secretary to Mr. Knox; I do not know what he does; he is in the mail room part of the time. He takes Mr. Knox's mail up to the house every morning, and then when the Secretary comes to the office he comes to the mail room and stays there and does whatever he can in the mail room.

The CHAIRMAN. You do not mean he is his secretary?

Mr. McNEIR. He is a confidential man to Mr. Knox; he is not employed as his secretary, because Mr. Hugh Knox is his secretary, and he gets \$2,500.

The CHAIRMAN. What does this man Pinkett get?

Mr. McNEIR. I think \$1,200.

The CHAIRMAN. Do you know out of what fund he gets that?

Mr. McNEIR. Salaries, Department of State.

The CHAIRMAN. Charged up to what division?

Mr. McNEIR. To the salaries appropriation.

The CHAIRMAN. I know; but what particular division?

Mr. McNEIR. He is assigned to the mail room. However, the appropriation for salaries is made irrespective of any bureaus. There are so many clerks at \$1,200, and Pinkett happened to be one of those detailed there.

The CHAIRMAN. You say that Mr. Knox left Washington on the 12th of February?

Mr. McNEIR. I think that is about the date.

The CHAIRMAN. And you think this letter had nothing to do with his expenses?

Mr. McNEIR. Absolutely nothing.

The CHAIRMAN. You will observe that he addressed this letter to the comptroller on the 9th of February?

Mr. McNEIR. Yes.

The CHAIRMAN. And left on the 12th?

Mr. McNEIR. Yes; probably before the answer was received; I do not know.

The CHAIRMAN. You have been with the department a long time?

Mr. McNEIR. Nearly 32 years.

The CHAIRMAN. If, as the comptroller says, his expenses can not be paid out of either the emergency fund or this \$100,000 fund that you speak of—I believe it is called the fund for the advancement of commercial and other interests—out of what fund can his expenses be paid?

Mr. McNEIR. Well, we have only the three funds—the emergency fund, the fund for the advancement of commercial and other interests, and this fund—and that will be a question for the Secretary's decision when he gets back. So far we have made no move in the matter or inquiry into it at all. Mr. Root paid his own expenses, I am told.

The CHAIRMAN. But they were put in the expense account, were they not?

Mr. McNEIR. No; not his expenses.

The CHAIRMAN. About \$75,000?

Mr. McNEIR. I do not understand it in that way.

The CHAIRMAN. You mean his trip down to Rio de Janeiro?

Mr. McNEIR. Yes.

The CHAIRMAN. I think you will find about \$75,000 charged up for somebody's expenses.

Mr. McNEIR. I may be mistaken.

The CHAIRMAN. I will not say they were Mr. Root's expenses, but I remember seeing an expense of about \$75,000 charged up on the trip to Rio de Janeiro.

Mr. McNEIR. As you know, he went all the way around.

The CHAIRMAN. I know: but I had in mind the fact that he went to Rio de Janeiro.

Mr. McNEIR. That is my impression—that he paid his own expenses.

The CHAIRMAN. At the time Secretary Knox wrote this letter did you contemplate having anybody else travel on departmental business?

Mr. McNEIR. I think so; yes, sir; and at that particular time there was a man in New York.

The CHAIRMAN. Who was he?

Mr. McNEIR. Mr. Davis, of the Trade Relations Bureau, was in New York on matters connected with that bureau, and his expenses on his return were paid out of the foreign trade and treaties fund of \$100,000.

The CHAIRMAN. He having traveled for that bureau, his expenses would be paid out of that fund?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. But I am speaking now of the expenses that Mr. Knox himself says he does not think can be paid out of that fund or the emergency fund, and the comptroller seems to agree with him. Consequently his expenses would have to be paid out of this \$8,000 fund?

Mr. McNEIR. It is almost impossible, Mr. Hamlin, to anticipate when we will have to go to New York or anywhere else on business

connected with the department. I was in New York three or four Sundays ago; I was called out at 11 o'clock Saturday night and sent to New York.

The CHAIRMAN. And out of what fund were your expenses paid?

Mr. McNEIR. They have not been paid as yet, but I suppose they will be paid out of contingent expenses. I paid them myself, but I am going to put in a voucher and the Acting Secretary will have to say where they will be paid from.

The CHAIRMAN. Did you have anything to do with the making up of the estimates for this bill; that is, the legislative bill?

Mr. McNEIR. Yes, sir.

The CHAIRMAN. Did you have in mind, in estimating under this item, any probable traveling expenses?

Mr. McNEIR. Not under contingent expenses; no.

The CHAIRMAN. You did not?

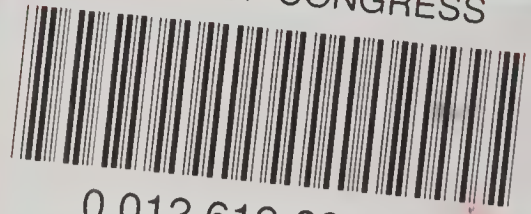
Mr. McNEIR. No.

The CHAIRMAN. And you do not know what prompted Mr. Knox to write that letter?

Mr. McNEIR. No; except, as I said before, to get definite orders issued as to what shall be charged to each fund, which we are trying to do now.

The subcommittee thereupon adjourned.

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